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This announcement and the listing document attached hereto do not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and shall 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. Accordingly, the securities are being offered and sold only outside the United States in an offshore transaction in compliance with Regulation S under the Securities Act.

Notice to Hong Kong investors: *The Issuer confirms that the notes to be issued under the Programme (as defined below) (the “Notes”) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and the Programme has been, and the Notes (to the extent they are to be listed on The Stock Exchange of Hong Kong Limited) will be, listed on The Stock Exchange of Hong Kong Limited on that basis. 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



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)

(the “Issuer”)

U.S.\$5,000,000,000 MEDIUM TERM NOTE PROGRAMME

Arranger

Haitong International

Dealers

Haitong International

HSBC

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

Reference is made to the notice of listing of the U.S.\$5,000,000,000 medium term note programme (the “**Programme**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) dated 27 June 2023 published by the Issuer.

Please refer to the offering circular relating to the Programme dated 27 June 2023 (the “**Offering Circular**”) appended herein. The Offering Circular is published in English only. No Chinese version of the Offering Circular has been published. As disclosed in the Offering Circular, the notes to be issued under the Programme are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on the Stock Exchange on that basis.

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

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer and no such inducement is intended.

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

Hong Kong, 28 June 2023

As at the date of this announcement, the board of directors of the Issuer comprises Mr. LI Jun (Chairman), Mr. LIN Yong (Deputy Chairman and Chief Executive Officer), 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*

IMPORTANT NOTICE

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ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR (AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME) AND PRICING SUPPLEMENT FOR A PARTICULAR TRANCHE OF SECURITIES THAT WILL BE DISTRIBUTED TO YOU PRIOR TO THE PRICING DATE AND NOT ON THE BASIS OF THE ATTACHED DOCUMENTS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, an investor must not be located within the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are not in the United States; (2) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (3) you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the 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 the Offering Circular to any other person.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer (as defined in the Offering Circular) and Haitong International Securities Company Limited (海通國際證券有限公司) (the “**Arranger**”), the Dealers (as defined in the Offering Circular), any person who controls the Issuer, the Arranger or any Dealer, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger and the Dealers.

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

The materials relating to the offering of securities to which the Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arranger or any Dealer or any affiliate of the Arranger or such Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or that Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

Restrictions: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or invitation by or on behalf of any of the Issuer, the Arranger or the Dealers to subscribe for or purchase any of the securities described therein, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute directed selling efforts (within the meaning of Regulation S under the Securities Act).

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HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

海通國際證券集團有限公司

(incorporated with limited liability under the laws of Bermuda)

(Hong Kong Stock Exchange Stock Code: 665)

U.S.\$5,000,000,000

Medium Term Note Programme

Under the U.S.\$5,000,000,000 Medium Term Note Programme described in this Offering Circular (the “Programme”), Haitong International Securities Group Limited (the “Issuer”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the “Notes”). Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$5,000,000,000 (or its equivalent in other currencies), subject to increase as described herein.

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

Where applicable for a relevant Tranche (as defined below) of Notes, registration will be completed by the Issuer pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法 (國家發展和改革委員會令第56號)) (the “NDRC Measures”) issued by the National Development and Reform Commission of the PRC (as defined below) (the “NDRC”) and which came into effect on 10 February 2023, as set forth in the relevant Pricing Supplement. After the issuance of such relevant Tranche of Notes, the Issuer intends to provide the requisite information on the issuance of such Notes to the NDRC within the time period prescribed by the NDRC Measures.

Application has been made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange” or the “HKSE”) for the listing of the Programme under which notes may be issued 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) (the “Professional Investors”) only during the 12-month period after the date of this document on the HKSE. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Notes to be issued under the Programme are intended for purchase by Professional Investors only, and the Programme and the Notes, to the extent such Notes are to be listed on the HKSE, will be listed on the HKSE 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 HKSE 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 HKSE 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 HKSE 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.

However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant pricing supplement (the “Pricing Supplement”) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the HKSE (or listed, traded or quoted on or by any other competent authority, other exchange or quotation system).

Notice of the aggregate nominal amount of Note, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “Terms and Conditions of the Notes”, collectively the “Conditions”, and each term therein, a “Condition”) of Notes will be set out in the Pricing Supplement which, with respect to Notes to be listed on the HKSE, will be delivered to the HKSE, on or before the date of issue of such Tranche of Notes. This Offering Circular may not be used to consummate sales of the Notes, unless accompanied by a Pricing Supplement.

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 the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”). Registered Notes are subject to certain restrictions on transfer, please see “Subscription and Sale”.

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended, to be offered, sold or otherwise made available to and, with effect from such date, 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, 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 (as amended, 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.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (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.

EU MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “EU MiFID II Product Governance” which will outline the target market in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person offering, selling or recommending the Notes (a “distributor”) should take into consideration such target market; 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 “EU 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 EU MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor 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 Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

SINGAPORE SFA PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as modified or amended from time to time, 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).

The Notes of each Series (as defined in the Conditions) issued in bearer form (“Bearer Notes”) will be represented on issue by a temporary global note in bearer form (each a “Temporary Bearer Global Note”) or a permanent global note in bearer form (each a “Permanent Bearer Global Note”). Notes in registered form (“Registered Notes”) will be represented by a global note in registered form (each a “Global Certificate”), one Global Certificate being issued in respect of each Noteholder’s entire holding of Notes in registered form of one Series. Global Notes or Global Certificates may be deposited on the relevant issue date with a common depository on behalf of Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking S.A. (“Clearstream”), or with a sub-custodian for the Central Money Markets Unit Service (“CMU”) operated by the Hong Kong Monetary Authority (each of Euroclear, Clearstream and the CMU, a “Clearing System”). 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”.

The Programme is expected to be rated “BBB” by Standard & Poor’s Rating Services (“S&P”). These ratings are only correct as at the date of this Offering Circular. The Notes to be issued under the Programme may be rated or unrated. Where a Tranche or Series of Notes are to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by S&P.

Investing in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Offering Circular.

Arranger

Haitong International

Dealers

Haitong International

HSBC

The date of this Offering Circular is 27 June 2023

The Issuer, having made all reasonable enquiries, confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Group (as defined in this Offering Circular) and the Notes which is material in the context of the issue and offering of the Notes, (ii) the statements contained in this Offering Circular and the roadshow materials and investor presentations approved by the Issuer relating to the Issuer and the Group are in every material particular true and accurate and not misleading, (iii) 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, (iv) 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 (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

Important Notice to Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering, a “**CMI Offering**”), including certain Dealers, may be “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“**OCs**”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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 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.

Listing of the Programme and the Notes on the HKSE is not to be taken as an indication of the merits of the Issuer, the Group, the Programme, or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Group, and the terms of the offering, including the merits and risks involved. Please see “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes.

Each Tranche of Notes will be issued on the terms set out herein under the Conditions as amended and/or supplemented by a document specific to such Tranche called a Pricing Supplement. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein (please see “*Information Incorporated by Reference and Financial Information*”) and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular and any Pricing Supplement come are required by the Issuer, the Arranger, the Dealers, and the Agents (as defined in the Conditions) to inform themselves about and to observe any such restrictions. None of the Issuer, the Arranger, the Dealers or the Agents represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers that would permit a public offering of any of the Notes or the distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan, Singapore, Taiwan and Bermuda, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and on the distribution of this Offering Circular and any Pricing Supplement, please see “*Subscription and Sale*”.

No person has been authorised by the Issuer to give any information or to make any representation other than those contained in this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Arranger, any Dealer or any Agent. Neither the delivery of this Offering Circular or any Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group, or any of them since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or create any implication that the information contained herein is

correct as at any date subsequent to the date hereof or, if later, 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 at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arranger, the Dealers and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer, or the Group, during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers, the Agents or any director, officer, employee, agent, representative, adviser or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Group.

None of the Arranger, the Dealers, the Agents and their respective directors, officers, employees, agents, representatives, advisers and affiliates have independently verified any of the information contained or incorporated by reference in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. Accordingly no representation or warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted by the Arranger, the Dealers, the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates as to the accuracy, completeness or sufficiency of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arranger, the Dealers, the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates. Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arranger, any of the Dealers, any of the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates that any recipient of this Offering Circular should purchase any Notes.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

To the fullest extent permitted by law, none of the Arranger, the Dealers, the Agents and their respective directors, officers, employees, agents, representatives, advisers and affiliates accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger, any Dealer, any Agent or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or on its behalf in connection with the Issuer, the Group, or the issue and offering of the Notes. The Arranger, each Dealer, each Agent and their respective directors, officers, employees, agents, representatives, advisers and affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arranger, the Dealers, the Agents and their respective directors, officers, employees, agents, representatives, advisers and affiliates accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

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

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, the Notes are not intended, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the 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 MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by 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.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “*Prohibition of Sales to UK Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement 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 UK Prospectus Regulation. Consequently no key information document required by 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.

EU MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “*EU MiFID II Product Governance*” which will outline the target market in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration such target market; 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 EU 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 EU MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “*UK MiFIR Product Governance*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to 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 Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

SINGAPORE SFA PRODUCT CLASSIFICATION: 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 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).

Unless otherwise specified or the context requires, references herein to “**Hong Kong**” or “**HK**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to “**Hong Kong dollars**”, “**HKD**” and “**HK\$**” are to the lawful currency of Hong Kong, to “**U.S. dollars**” or “**U.S.\$**” are to the lawful currency of the United States of America, references herein to “**Renminbi**”, “**RMB**” or “**CNY**” are

to the lawful currency of the PRC, to “sterling” or “**GBP**” or “**£**” are to the currency of the United Kingdom and to “euro” or “**€**” are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

In this Offering Circular, where information has been presented in thousands or millions of units, or as percentages, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR ANY PERSON(S) ACTING FOR IT) (THE “STABILISING MANAGER(S)”) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) 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 AND MUST BE BROUGHT TO AN END AFTER A LIMITED TIME. ANY STABILISATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Notes.

WARNING – The contents of this Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of any Notes. If you are in any doubt about any of the contents of this Offering Circular, you should obtain professional advice.

In this Offering Circular, references to:

- “**A share(s)**” are to shares that denominated and traded in Renminbi
- “**B shares**” are to shares denominated in Renminbi, subscribed for and traded in foreign currency on the Shanghai Stock Exchange or the Shenzhen Stock Exchange
- “**Bloomberg**” are to a premier site for business and financial market news
- “**Business Day**” are to a business day in the location of the specified office of the Fiscal Agent if the Notes are cleared through Euroclear and/or Clearstream or any other clearing system other than the CMU or the location of the specified office of the CMU Lodging Agent if the Notes are cleared through CMU and:
 - (i) in the case of a currency other than euro or 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 T2 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 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
- “**China**” or “**PRC**” are to the People’s Republic of China, excluding, for the purpose of this Offering Circular, Hong Kong, Macau and Taiwan
- “**CSRC**” are to the China Securities Regulatory Commission (中國證券監督管理委員會)
- “**Director(s)**” are to director(s) of the Issuer
- “**ESG**” are to environmental, social and corporate governance
- “**ETF**” are to exchange-traded fund
- “**EU**” are to European Union
- “**FICC**” are to fixed income, currency and commodities
- “**FTT**” are to financial transactions tax
- “**Group**” are to the Issuer and its subsidiaries
- “**Haitong Group**” are to Haitong Securities and its subsidiaries
- “**Haitong International Holdings**” are to Haitong International Holdings Limited (海通國際控股有限公司), a wholly-owned subsidiary of Haitong Securities incorporated in Hong Kong
- “**Haitong Securities**” are to Haitong Securities Co., Ltd. (海通證券股份有限公司), a company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange under the stock code of 600837 and on the Hong Kong Stock Exchange under the stock of 06837

- **“Haitong UK”** are to Haitong (UK) Limited, a wholly-owned subsidiary incorporated in the United Kingdom of the Issuer and a subsidiary of Haitong Bank, S.A. (**“Haitong Bank”**) before the acquisition by the Issuer, currently known as Haitong International (UK) Co. Limited
- **“Haitong USA”** are to Haitong Securities USA LLC, a wholly-owned subsidiary incorporated in the U.S. of the Issuer and a subsidiary of Haitong Bank before the acquisition of the Issuer
- **“HKEx”** are to Hong Kong Exchanges and Clearing Limited
- **“HKFRS”** are to Hong Kong Financial Reporting Standards
- **“Hong Kong Stock Exchange”** or **“HKSE”** are to The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx
- **“IPO”** are to initial public offering
- **“Issuer”** are to Haitong International Securities Group Limited (海通國際證券集團有限公司), previously known as Taifook Securities, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Hong Kong Stock Exchange under stock code 665, in which Haitong Securities owned a 67.92% equity interest through Haitong Securities’ wholly-owned subsidiary, Haitong International Holdings, as at 31 December 2022
- **“IT”** are to information technology
- **“Macau”** are to the Macau Special Administrative Region of the PRC
- **“Nasdaq”** are to National Association of Securities Dealers Automated Quotations
- **“Noteholders”** are to the holders of the Notes
- **“QFII”** are to Qualified Foreign Institutional Investor (合格境外機構投資者)
- **“Regulation S”** are to Regulation S under the Securities Act
- **“RQFII”** are to Renminbi Qualified Foreign Institutional Investor (人民幣合格境外機構投資者), a programme launched in the PRC which allows Hong Kong subsidiaries of PRC brokerage companies and fund houses to facilitate investments of offshore Renminbi into the domestic securities market
- **“RQFLP”** are to Renminbi Qualified Foreign Limited Partner (人民幣合格境外有限合夥人)
- **“S&P”** are to Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.
- **“Securities Act”** are to the United States Securities Act of 1933, as amended, and the rules and regulations promulgated
- **“Securities and Futures Ordinance”** or **“SFO”** are to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
- **“SFC”** are to the Securities and Futures Commission of Hong Kong
- **“SGX”** are to Singapore Exchange Limited
- **“Shanghai Stock Exchange”** or **“SSE”** are to the Shanghai Stock Exchange (上海證券交易所)
- **“Shenzhen Stock Exchange”** are to the Shenzhen Stock Exchange (深圳證券交易所)
- **“stock index futures”** are to cash-settled standardised futures contracts on the value of a particular stock market index

- “**Taifook Securities**” are to Taifook Securities Group Limited, renamed as Haitong International Securities Group Limited (海通國際證券集團有限公司) with the approval of the Registrar of Companies in Bermuda granted in October 2010 and filed with the Registrar of Companies in Hong Kong in November 2010
- “**UK**” are to the United Kingdom of Great Britain and Northern Ireland
- “**U.S.**”, “**US**” or “**United States**” are to the United States of America, its territories, its possessions and all areas subject to its jurisdiction

In this Offering Circular, the terms “associate”, “connected transaction”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this Offering Circular in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements under “*Risk Factors*”, “*Description of the Group*” and elsewhere in this Offering Circular constitute “forward-looking statements”. The words including “believe”, “expect”, “plan”, “anticipate”, “intend”, “schedule”, “estimate”, “could”, “may”, “going forward” and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements reflect the views of the Issuer with respect to future events and are not a guarantee of future performance or developments. The Issuer expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer’s or the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from the Issuer’s expectations. All subsequent written and forward-looking statements attributable to the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by such cautionary statements.

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

This Offering Circular should be read and construed in conjunction with:

- (i) each relevant Pricing Supplement;
- (ii) all amendments and supplements from time to time to this Offering Circular;
- (iii) any annual or interim financial statements (whether audited or unaudited) of the Issuer that are appended to, circulated or incorporated by reference in this Offering Circular and are dated as at a date, or for a period ending on a date which is, subsequent to those financial statements incorporated by reference in this Offering Circular; and
- (iv) any annual or interim financial statements (whether audited or unaudited) of the Issuer that are published subsequent to those financial statements incorporated by reference in this Offering Circular (as amended and supplemented from time to time),

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.

The Issuer prepares its consolidated financial statements in accordance with HKFRS. The Issuer's consolidated balance sheets and income statements as at, and for, the years ended 31 December 2020, 2021 and 2022 have been extracted from the audited consolidated financial statements as at, and for, the years ended 31 December 2021 and 2022 audited by the independent auditor of the Issuer and incorporated by reference in this Offering Circular together with the relevant auditor's reports.

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

Copies of all such documents which are so deemed to be incorporated by reference in, and to form part of, this Offering Circular will be available free of charge upon prior written request during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified office of the Fiscal Agent and the CMU Lodging Agent set out at the end of this Offering Circular.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Dealers that, unless the Issuer has notified the Dealers in writing that it does not intend to issue Notes under the Programme for the time being, if at any time during the duration of the Programme any event shall have occurred as a result of which this Offering Circular, as then amended or supplemented, would include a statement of a material fact relating to the Issuer, the Group or the Notes which is untrue and inaccurate in any respect or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made when such Offering Circular is delivered, not misleading, the Issuer shall as soon as practicable notify the Dealers (or, in the case of a change affecting a specific issue of Notes, the relevant Dealer or, if more than one, the relevant Dealer specified as the lead manager in the relevant subscription agreement (the “**Lead Manager**”) on behalf of the relevant Dealers) and, upon reasonable request from the Dealers, relevant Dealer or Lead Manager, shall prepare and furnish without charge to the Dealers, relevant Dealer or Lead Manager as many copies as they may from time to time reasonably request of such amendment, supplement or replacement of this Offering Circular which will correct such statement or omission.

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SUMMARY

The following summary is qualified in its entirety by, and is subject to, the detailed information contained elsewhere and the financial statements incorporated by reference in this Offering Circular. The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.

The Group

The Issuer is an international financial institution incorporated in Bermuda with a rapidly expanding network across the world. It is a subsidiary of Haitong International Holdings, a company incorporated in Hong Kong and wholly owned by Haitong Securities. The Issuer strives to serve as a bridge linking up the PRC and overseas capital markets.

As at the date of this Offering Circular, the Issuer is well-positioned to serve corporate, institutional, as well as high-net-worth clients worldwide. Its well-established financial services platform provides a full spectrum of financial offerings including wealth management, corporate finance, asset management, global markets and investment businesses. The Issuer possesses a sound risk management system that is in line with international standards. It has been given a “BBB” long-term credit rating by S&P.

The Issuer has a global financial servicing network covering the world’s major financial markets, including Hong Kong, Singapore, New York, London, Tokyo, Sydney and Mumbai, thereby making it to be a world-class Chinese financial institution with international competitiveness, systematic importance and brand influence.

Competitive Strengths

The Group believes that the following represent the Group’s key strengths:

- Well-established international platform, strong brand recognition and continuous support from Haitong Securities;
- Diversified and integrated business platform with extensive product offering and quality customer service;
- Advanced capability in global markets execution with a strong global financial service network;
- A pioneer in product innovation to capture growing cross-border business opportunities;
- Advanced digital and smart operation capabilities, prudent corporate governance and multi-layered risk management and internal control systems; and
- Experienced management team with a highly proficient professional workforce.

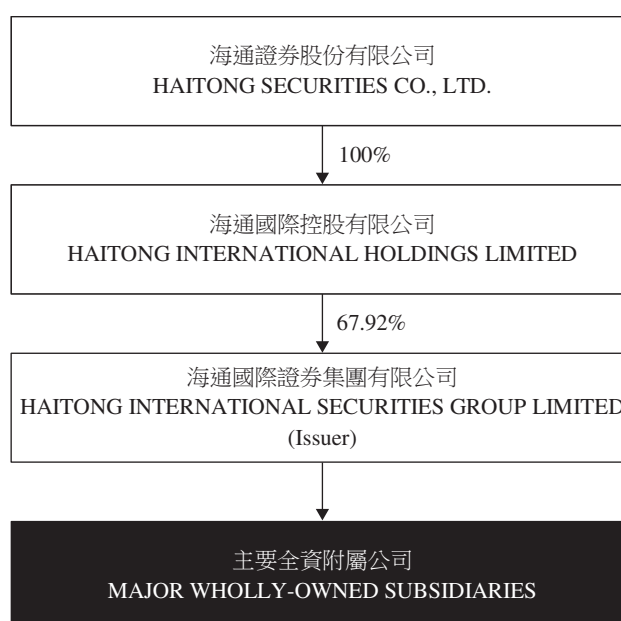
Business Strategies

The Group aims to become a leading financial institution with international competitiveness, systemic importance and brand influence by pursuing the following strategies:

- Diversify income streams, asset risks and product offering to maintain market-leading position;
- Attract professional talents to join the Group;
- Achieve ESG integration and become an industry leader in sustainable finance;
- Enhance business stability and profitability; and
- Practice stricter risk management, internal control to support business operations.

Corporate Structure

The following chart sets forth a simplified corporate structure of the Group as at 31 December 2022:



Recent Developments

HK\$16,000,000,000 Revolving Loan Facility

On 24 February 2023, the Issuer as borrower and certain financial institutions entered into a facility agreement whereby the Issuer obtained a revolving loan facility in an amount up to HK\$16,000,000,000 for a term of up to 364 days from the date of the facility agreement. In connection with the facility, Haitong Securities also provided certain undertakings where the facility may be cancelled and all loans together with accrued interest and any other amounts accrued thereunder may become immediately due and payable.

Subordinated Perpetual Securities

On 17 March 2023, the Issuer (as issuer), Haitong International Securities Company Limited (as placing agent), Haitong International Holdings (as investor) and an investee entity of Haitong Securities (as investor) entered into a placing agency and subscription agreement in connection with the issuance of subordinated perpetual securities in the aggregate principal amount of U.S.\$200,000,000. The subordinated perpetual securities were issued on 21 March 2023.

Rights Issue

The Issuer announced on 28 March 2023 and 29 May 2023 that it proposed to raise gross proceeds of up to (i) approximately HK\$1,295,104,900 before expenses by way of the issue of 1,992,469,077 rights shares (assuming no change in the number of shares in issue on or before 25 May 2023); or (ii) approximately HK\$1,303,662,475 by way of the issue of 2,005,634,577 rights shares (assuming no change in the number of shares in issue on or before 25 May 2023 other than the new shares to be allotted and issued pursuant to the full exercise of the Issuer's outstanding share options), at the subscription price of HK\$0.65 per rights share on the basis of three rights shares for every ten existing shares held on 25 May 2023 (the "**Rights Issue**"). The Rights Issue was only available to the relevant qualifying shareholders and would not be extended to non-qualifying shareholders.

On 21 June 2023, the Issuer announced the results of the Rights Issue. Valid acceptances and applications in respect of 1,796,460,483 rights shares, representing approximately 90.16 per cent. of the total number of 1,992,469,077 rights shares being offered under the Rights Issue, have been received. The gross proceeds from the Rights Issue amounted to approximately HK\$1,167,699,300 and the net proceeds from the Rights Issue, after deducting all related expenses for the Rights Issue, were expected to be approximately HK\$1.16 billion. Dealings in the fully-paid rights shares have commenced on the Hong Kong Stock Exchange on 26 June 2023. After the completion of the Rights Issue, the number of ordinary shares of the Issuer increased from 6,641,563,594 to 8,438,024,077.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Phrases used in this summary and not otherwise defined shall have the meanings given to them in the Conditions.

Issuer Haitong International Securities Group Limited (海通國際證券集團有限公司).

Description Medium Term Note Programme.

Size Up to U.S.\$5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement (as defined in “*Subscription and Sale*”).

Arranger Haitong International Securities Company Limited (海通國際證券有限公司).

Dealers Haitong International Securities Company Limited (海通國際證券有限公司) and The Hongkong and Shanghai Banking Corporation Limited.

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint dealers either in respect of one or more Tranches or in respect of the whole Programme.

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 (please see “*Subscription and Sale*”) including the following restriction applicable at the date of this Offering Circular.

Notes having a maturity of less than one year

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer. Please see “*Subscription and Sale*”.

**Fiscal Agent, Registrar, CMU
Lodging Agent, Paying Agent
and Transfer Agent (together,
the “Agents”)**

The Hongkong and Shanghai Banking Corporation Limited.

Method of Issue

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will 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 and/or the issue price), 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 completed, where necessary, with the relevant 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 completed in the 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.

Form of Notes

Notes may be issued in bearer form or in registered form. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Bearer Global Note or a Permanent Bearer Global Note, in each case as specified in the relevant Pricing Supplement.

Each Tranche of Registered Notes will initially be represented by Global Certificates. Global Certificates representing Registered Notes will be registered in the name of a nominee for one or more of Euroclear and Clearstream or, as the case may be, the operator of the CMU.

Each Global Note and Global Certificate will be deposited on or around the relevant issue date with a common depositary or sub-custodian for Clearstream, Euroclear and/or, as the case may be, the CMU and/or any other relevant clearing system. Each Temporary Bearer Global Note will be exchangeable for a Permanent Bearer Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Bearer Global Note or receipt of any payment of interest in respect of a Temporary Bearer Global Note. Each Permanent Bearer Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

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| Clearing Systems | Clearstream, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent or the CMU Lodging Agent (as the case may be) and the relevant Dealer. |
| Initial Delivery of Notes | On or before the issue date for each Tranche, the Global Note or the Global Certificate representing the Notes may be deposited with a common depository for Euroclear and Clearstream or deposited with a sub-custodian for the CMU. Global Notes or Global Certificates may also be deposited with 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 or the CMU Lodging Agent (as the case may be) 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, or in the name of nominees or a common nominee for, or the operator of, such clearing systems. |
| Currencies | Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers. |
| Maturities | Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer(s). |
| Specified Denomination | Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central banks (or equivalent body) or any laws or regulations applicable to the relevant currency (please see " <i>Certain Restrictions</i> " above). |
| Fixed Rate Notes | Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer. |
| 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 (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) by reference to EURIBOR, HIBOR, CNH HIBOR, SHIBOR or SOFR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer. <p>Interest periods will be specified in the relevant Pricing Supplement.</p> |

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| Zero Coupon Notes | Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest. |
| Dual Currency Notes | Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as the Issuer and the relevant Dealer may agree and as may be specified in the relevant Pricing Supplement. |
| Interest Periods and Interest Rates | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement. |
| 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 relevant Pricing Supplement. |
| Redemption | <p>The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.</p> <p>Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, please see “<i>Certain Restrictions – Notes having a maturity of less than one year</i>” above.</p> |
| Optional Redemption | Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement. |
| Change of Control Redemption | The terms of the Notes will contain a provision for the redemption of the Notes at the option of the holders thereof upon the occurrence of a Change of Control as further described in Condition 6. |
| Tax Redemption | Notes will be redeemable at the Issuer’s option prior to maturity for taxation reasons as described in Condition 6. |

Status of Notes

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

Negative Pledge

The Notes will contain a negative pledge provision as described in Condition 4.

Withholding Tax

All payments of principal and interest in respect of the Notes, Receipts and Coupon will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Bermuda, Hong Kong, the PRC or any political division or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, the Issuer will (subject to certain customary exceptions as provided in Condition 8) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

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 under which notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the HKSE. The Notes issued under the Programme may be listed on the HKSE or such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series.

Unlisted Notes may also be issued.

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 HKSE will be traded on the HKSE in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).

Selling Restrictions

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Japan, Hong Kong, the PRC, Singapore, Bermuda and Taiwan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, please see "*Subscription and Sale*".

| | |
|---|---|
| United States Selling Restrictions | Regulation S, Category 1 or 2 as specified in the applicable Pricing Supplement. TEFRA C or D/TEFRA not applicable, as specified in the applicable Pricing Supplement. |
| Distribution | Subject to the applicable selling restrictions, the Notes may be distributed by way of private placement in each case on a syndicated or non-syndicated basis. |
| Redemption by Installments | The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more installments 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. |
| Event of Default | The terms of the Notes contain certain events of default provisions as further described in Condition 10. |
| Cross Default | The terms of the Notes contain a cross default provision as further described in Condition 10(c). |
| Rating | <p>The Programme is expected to be rated “BBB” by S&P. The Notes to be issued under the Programme may be rated or unrated. Where a Tranche or Series of Notes are to be rated, such rating will be specified in the relevant Pricing Supplement.</p> <p>A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by S&P.</p> |

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The following tables set forth the summary consolidated financial information of the Group as at and for the periods indicated.

The summary audited consolidated financial information as at and for the years ended 31 December 2020, 2021 and 2022 set forth below is derived from the Group's published audited consolidated financial statements as at and for the years ended 31 December 2021 and 2022. The information set out below should be read in conjunction with the relevant consolidated financial statements of the Issuer, including the notes thereto, which are incorporated by reference in this Offering Circular.

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2021 and 2022 have been prepared and presented in accordance with HKFRS and have been audited by Deloitte Touche Tohmatsu Certified Public Accountants, the Group's independent auditor.

Consolidated Statement of Profit or Loss

| | For the year ended 31 December | | | |
|--|--------------------------------|--------------------|--------------------|------------------|
| | 2020 | 2021 | 2022 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (translated) |
| Revenue | | | | |
| Commission and fee income | 2,864,575 | 3,257,464 | 1,542,901 | 197,770 |
| Interest income | 2,464,585 | 1,741,000 | 1,787,537 | 229,127 |
| Net trading and investment income | 3,000,587 | 253,720 | (4,720,892) | (605,126) |
| | 8,329,747 | 5,252,184 | (1,390,454) | (178,229) |
| Other income and gains or losses ⁽¹⁾ | 158,697 | 35,166 | 193,487 | 24,801 |
| | 8,488,444 | 5,287,350 | (1,196,967) | (153,428) |
| Staff costs | (1,564,995) | (1,316,396) | (1,156,425) | (148,231) |
| Commission expenses | (257,958) | (107,562) | (11,305) | (1,449) |
| Amortisation and depreciation | (252,091) | (284,080) | (234,199) | (30,020) |
| Operating expenses ⁽¹⁾ | (982,182) | (948,809) | (753,651) | (96,603) |
| Finance costs | (2,144,511) | (1,106,837) | (1,349,102) | (172,929) |
| (Loss)/Profit before impairment charges and tax | 3,286,707 | 1,523,666 | (4,701,649) | (602,660) |
| Impairment charges, net of reversal | (986,115) | (800,521) | (1,587,839) | (203,530) |
| (Loss)/Profit before tax | 2,300,592 | 723,145 | (6,289,488) | (806,190) |
| Income tax expense | (367,715) | (422,319) | (251,022) | (32,176) |
| (Loss)/Profit for the year attributable to owners of the Issuer | 1,932,877 | 300,826 | (6,540,510) | (838,366) |
| (Loss)/Earnings per share attributable to owners of the Issuer | | | | |
| – Basic (HK cents per share) ⁽²⁾ | 32.97 | 4.64 (restated) | (100.43) | (12.87) |
| – Diluted (HK cents per share) ⁽²⁾ | 32.85 | 4.63 (restated) | (100.43) | (12.87) |

Note:

- (1) To better reflect the foreign exchange gain or loss (net) arising from translation of foreign-currency denominated assets and liabilities of the Group (other than those measured at fair value through profit or loss) into the respective functional currencies and to align with the financial statements disclosure of other peers to enhance the comparability, the Group presents the foreign exchange gain or loss (net) from "Operating expenses" to "Other income and gains or losses" from 2021 onwards. Comparative figures for the year ended 31 December 2020 are restated to conform the current year's presentation.
- (2) On 23 June 2022, 603,778,508 shares were issued as bonus share on the basis of one bonus share for every ten existing shares held by the shareholders of the Issuer. The effect of the bonus share has been included in the calculation of basic and diluted loss per share for the year ended 31 December 2022. Basic and diluted earnings per share for the year ended 31 December 2021 have been restated to take into account the effects of the bonus issue.

Consolidated Statement of Profit or Loss and other Comprehensive Income

| | For the year ended 31 December | | | |
|--|--------------------------------|----------------|--------------------|------------------|
| | 2020 | 2021 | 2022 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (translated) |
| (Loss)/Profit for the year attributable to owners of the Issuer | 1,932,877 | 300,826 | (6,540,510) | (838,366) |
| Other comprehensive (expense) income: | | | | |
| <i>Item that will not be reclassified subsequently to profit or loss:</i> | | | | |
| Fair value changes on investments in equity instruments at fair value through other comprehensive income | (52,380) | (41,182) | (315,321) | (40,418) |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Fair value changes on investments in debt instruments at fair value through other comprehensive income | (29,633) | 30,480 | – | – |
| – Net fair value changes during the year | (43,436) | (780) | – | – |
| – Reclassification adjustment to profit or loss on disposal | 13,803 | 31,260 | – | – |
| Exchange differences on translating foreign operations | (30,438) | 32,484 | (4,986) | (639) |
| Other comprehensive (expenses)/income for the year | (112,451) | 21,782 | (320,307) | (41,057) |
| Total comprehensive (expenses)/income for the year attributable to owners of the Issuer | <u>1,820,426</u> | <u>322,608</u> | <u>(6,860,817)</u> | <u>(879,423)</u> |

Consolidated Statement of Financial Position

As at 31 December

| | 2020 | | | 2021 | | | 2022 | | | 2022 | | |
|--|--------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 | U.S.\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (audited) | (audited) | (audited) | (audited) | (audited) | (audited) | (translated) | (translated) | (translated) |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents . . . | 4,334,925 | - | 4,334,925 | 7,106,485 | - | 7,106,485 | 5,002,861 | - | 5,002,861 | 641,269 | - | 641,269 |
| Cash held on behalf of customers | 19,553,711 | - | 19,553,711 | 12,820,396 | - | 12,820,396 | 9,059,437 | - | 9,059,437 | 1,161,243 | - | 1,161,243 |
| Financial assets held for trading and market making activities | 10,590,827 | - | 10,590,827 | 3,265,941 | - | 3,265,941 | 903,855 | - | 903,855 | 115,857 | - | 115,857 |
| Investment securities | 31,499,248 | 15,267,263 | 46,766,511 | 25,843,187 | 9,363,316 | 35,206,503 | 24,209,788 | 10,821,498 | 35,031,286 | 3,103,222 | 1,387,105 | 4,490,327 |
| Assets acquired for financial products issued | 26,532,975 | 5,279,720 | 31,812,695 | 16,888,862 | 664,783 | 17,553,645 | 10,562,194 | 2,422 | 10,564,616 | 1,353,867 | 310 | 1,354,178 |
| Derivative financial instruments | 732,110 | - | 732,110 | 106,239 | - | 106,239 | 185,760 | - | 185,760 | 23,811 | - | 23,811 |
| Advances to customers | 15,980,978 | 231,403 | 16,212,381 | 11,461,781 | 626,016 | 12,087,797 | 13,944,015 | 1,104,108 | 15,048,123 | 1,787,351 | 141,525 | 1,928,876 |
| Cash collateral on securities borrowed and reverse repurchase agreements | 7,738,041 | - | 7,738,041 | 4,799,467 | - | 4,799,467 | 1,404,392 | - | 1,404,392 | 180,016 | - | 180,016 |
| Receivable from clients for subscription of new shares in IPO | 562,717 | - | 562,717 | - | - | - | 1,080 | - | 1,080 | 138 | - | 138 |
| Accounts receivable | 5,014,090 | - | 5,014,090 | 8,027,400 | - | 8,027,400 | 4,704,423 | - | 4,704,423 | 603,015 | - | 603,015 |
| Tax recoverable | 432,569 | - | 432,569 | 525,662 | - | 525,662 | 656,019 | - | 656,019 | 84,089 | - | 84,089 |
| Prepayments, deposits and other receivables | 1,047,322 | 59,131 | 1,106,453 | 1,756,485 | 39,406 | 1,795,891 | 1,423,609 | 100,574 | 1,524,183 | 182,479 | 12,892 | 195,371 |
| Goodwill and other intangible assets | - | 480,148 | 480,148 | - | 451,260 | 451,260 | - | 431,308 | 431,308 | - | 55,285 | 55,285 |
| Other assets | - | 198,051 | 198,051 | - | 199,664 | 199,664 | - | 223,826 | 223,826 | - | 28,690 | 28,690 |
| Investment properties | - | 70,078 | 70,078 | - | - | - | - | 3,405,900 | 3,405,900 | - | 436,570 | 436,570 |
| Property and equipment | - | 812,208 | 812,208 | - | 855,159 | 855,159 | - | 875,388 | 875,388 | - | 112,208 | 112,208 |
| Deferred tax assets | - | 25,001 | 25,001 | - | 190,086 | 190,086 | - | 74,745 | 74,745 | - | 9,581 | 9,581 |
| Total assets | 124,019,513 | 22,423,003 | 146,442,516 | 92,601,905 | 12,389,690 | 104,991,595 | 72,057,433 | 17,039,769 | 89,097,202 | 9,236,356 | 2,184,166 | 11,420,522 |

As at 31 December

| | 2020 | | | 2021 | | | 2022 | | | 2022 | | |
|---|--------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 | U.S.\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (audited) | (audited) | (audited) | (audited) | (audited) | (audited) | (translated) | (translated) | (translated) |
| LIABILITIES AND EQUITY | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Financial liabilities held for trading and market making activities | 4,067,271 | - | 4,067,271 | 2,385,995 | - | 2,385,995 | 125,875 | - | 125,875 | 16,135 | - | 16,135 |
| Financial products issued at fair value | 15,619,109 | 816,545 | 16,435,654 | 7,500,248 | 269,532 | 7,769,780 | 2,879,886 | 2,450 | 2,882,336 | 369,145 | 314 | 369,459 |
| Derivative financial instruments | 819,725 | - | 819,725 | 320,368 | - | 320,368 | 187,631 | - | 187,631 | 24,051 | - | 24,051 |
| Cash collateral on securities lent and repurchase agreements | 10,680,425 | - | 10,680,425 | 3,077,400 | - | 3,077,400 | 5,859,415 | - | 5,859,415 | 751,063 | - | 751,063 |
| Accounts payable | 22,921,539 | - | 22,921,539 | 15,725,062 | - | 15,725,062 | 10,601,632 | - | 10,601,632 | 1,358,922 | - | 1,358,922 |
| Bank borrowings and debt securities in issue | 44,316,967 | 11,568,173 | 55,885,140 | 30,834,003 | 13,983,988 | 44,817,991 | 36,175,110 | 10,884,538 | 47,059,648 | 4,636,943 | 1,395,185 | 6,032,128 |
| Liabilities arising from consolidation of investment funds | 5,071,585 | - | 5,071,585 | 975,190 | - | 975,190 | 361,940 | - | 361,940 | 46,394 | - | 46,394 |
| Tax payable | 479,154 | - | 479,154 | 691,798 | - | 691,798 | 181,206 | - | 181,206 | 23,227 | - | 23,227 |
| Other payables, accruals and other liabilities | 1,542,931 | 197,348 | 1,740,279 | 1,490,565 | 188,822 | 1,679,387 | 956,925 | 169,597 | 1,126,522 | 122,659 | 21,739 | 144,398 |
| Deferred tax liabilities | - | 24,575 | 24,575 | - | 22,179 | 22,179 | - | 22,189 | 22,189 | - | 2,844 | 2,844 |
| Total liabilities | 105,518,706 | 12,606,641 | 118,125,347 | 63,000,629 | 14,464,521 | 77,465,150 | 57,329,620 | 11,078,774 | 68,408,394 | 7,348,538 | 1,420,083 | 8,768,621 |
| Equity | | | | | | | | | | | | |
| Share capital | | | 603,603 | | | 603,778 | | | 664,156 | | | 85,132 |
| Reserves | | | 27,007,350 | | | 26,922,667 | | | 20,024,652 | | | 2,566,769 |
| Proposed dividends | | | 706,216 | | | - | | | - | | | - |
| Total shareholders' equity | | | 28,317,169 | | | 27,526,445 | | | 20,688,808 | | | 2,651,901 |
| Total liabilities and shareholders' equity | | | 146,442,516 | | | 104,991,595 | | | 89,097,202 | | | 11,420,522 |
| Net current assets | | | 18,500,807 | | | 29,601,276 | | | 14,727,813 | | | 1,887,818 |

RISK FACTORS

An investment in the Notes is subject to significant risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect the Group and the value of the Notes. Some risks may be unknown to the Group and other risks, currently believed to be immaterial, could be material. All of these may materially and adversely affect the Group's business, financial condition, results of operations and prospects. The market price of the Notes could decline due to any of these risks and investors may lose all or part of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group described below and elsewhere in this Offering Circular.

Risks Relating to the Group's Businesses

The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by downturns in the financial markets of the PRC, Hong Kong and Macau ("Greater China Region") as well as the United States, which in turn may be affected by volatility and downturns in the global capital markets

The Group's businesses, including its wealth management business, corporate finance business, asset management business, global market business, and investment business, are highly dependent on economic and market conditions in the Greater China Region, primarily in the PRC and Hong Kong. In addition, global market conditions may adversely affect market conditions in the Greater China Region. Volatility in the financial markets in the United States, Europe, Japan and other jurisdictions in recent years has had a corresponding effect on Asian financial markets and may continue to do so in the future.

Due to various factors such as a shift in economic development from high-speed growth to high-quality development, stricter financial regulation and a slow recovery in global economy, profound changes occurred to the securities market and the level of volatility of the securities market fluctuated for the past years. For example, SSE Composite Index kept rising from 3,234.68 as at the end of 2014 and peaked at 5,166.35 on 12 June 2015. However, the PRC A share market fell sharply from mid-June 2015 with SSE Composite Index closing at 2,737.60 on 29 January 2016. Through 2016 to 2017, SSE Composite Index saw a slow growth closing at 3,307.17 on 29 December 2017, which nevertheless represented a decrease of 35.99% compared to 5,166.35 on 12 June 2015. In the first half of 2018, the PRC A share market volatility increased and investors' risk appetites reduced on deepened leveraging and escalated trade friction. While financial markets in Hong Kong also saw a steady recovery and growth through 2016 to 2017, the Hang Seng Index became volatile and unstable since early February 2018, following multiple interest rate hikes by the U.S. government, currency depreciations of emerging markets, escalated China-U.S. trade friction, continuous inflation in recent years and the outbreak of coronavirus and its variants ("**COVID-19**"). Hardly hit by various spikes of the COVID-19 cases since the end of 2019, the global financial market was thrown into a recession with a spike of unemployment rate and wobbling financial markets. To avoid this abrupt health crisis, governments threw out jumbo size easing policies. Upheld by such bailouts, the stock markets around the world rebounded with fierce rally of prices for all kinds of assets. As a result, the three major stock indexes (S&P 500, Dow Jones Industrial Average, and Nasdaq Composite) hit record highs one after another. The recovery of the virus-plagued global economy was pale when compared with the stock markets. The asset prices are greatly divergent with the economic fundamentals. Since then, the one-time rally has slowed down, with the respective indexes recording consecutive weeks of decline for the first half of 2022. In addition, increased tensions between the western countries and Russia since mid-2021 over the military conflicts in Ukraine have resulted in increased volatility in the markets for certain securities and commodities, including oil, natural gas and other sectors. The United States and certain other countries and international organisations have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations. The extent and duration of the military conflicts, resulting sanctions and future market disruptions in the region are impossible to predict, but there could be significant adverse effects on the region and the global financial markets. Market volatility, especially in the PRC and Hong Kong equity markets, are expected to materially and negatively impact the Group's business, results of operations, financial conditions and prospects.

Unfavourable financial or economic conditions, such as those caused in recent years by the global financial and economic crisis, including the European sovereign debt crisis, the withdrawal of the United Kingdom from the European Union, China-U.S. trade friction and the escalation of bilateral tariffs on imports imposed by both countries, the outbreak and continuous spread of COVID-19, the multiple interest rate hikes by the U.S. government and the crisis generated by the geopolitical tensions between Russia and Ukraine may adversely affect investor confidence. Weakening investor confidence has resulted and could continue to result in significant declines in the number and size of transactions in which the Group provides underwriting and financial advisory services. Any decline in the number of corporate financing transactions in Hong Kong due to unfavourable financial or economic conditions would adversely affect the Group's businesses.

In addition, market volatility and adverse financial or economic conditions may adversely affect the Group's wealth management business. These conditions tend to reduce the value of the Group's clients' portfolios, discourage investor confidence and reduce investing activities, making it more difficult for the Group to maintain existing clients and attract new clients. These conditions in turn may adversely affect the Group's brokerage revenue and may increase the risk of default in the margin loan financing the Group provides to its clients.

The Group's proprietary trading may also be adversely affected by the reduction in the value of its trading and investment positions, which in turn would adversely affect the Group's results of operations and financial position and access to liquidity.

Under adverse financial or economic conditions, the value of the Group's asset management portfolio may be adversely affected and therefore reduce the fees it earns from its asset management business, and the Group may face an influx of client redemptions in its asset management portfolio, which in turn could also adversely affect the Group's asset management business. To the extent that clients do not withdraw their funds, they may switch their funds to other investment products that generate less fee revenue for the Group.

The Group operates in the highly competitive financial services industry

The financial services industry in Hong Kong houses a large number of participants and is highly competitive. The industry is a low-barrier entry industry as new participants are able to enter, provided that they have engaged professionals with the appropriate skills and have obtained the requisite licences and permits to engage in the various types of activities regulated under the SFO.

The Group competes on the basis of a number of factors, including price, products and services, innovation, transaction execution capability, reputation, experience and knowledge of staff and employee compensation. Apart from the multinational financial institutions including commercial 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 products and services including traditional and online brokerage services, asset management, corporate finance, fixed income and wealth management businesses. Historically, competition in the traditional brokerage business has been fierce. Over the past decade, online securities brokerage and financial information portals have become prevalent, intensifying competition for online business revenues. In recent years, as the brokerage market in Hong Kong had become more saturated, banks and brokerage firms rolled out prolonged commission-free concessions or extra-low fixed commissions as incentives to attract customers, thus further intensifying the competition in this sector. The Group expects that competition in securities brokerage, one of the Group's core business operations, will continue to be intense.

There can be 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 business and financial performance would be adversely affected.

The Group's businesses are highly regulated

As a participant in the financial services industry, the Group is subject to extensive laws, regulations and codes of relevant regulatory authorities and faces the risk of significant intervention by regulatory authorities in Hong Kong and other jurisdictions in which it operates, such as the PRC or Singapore. Key regulations in Hong Kong governing the financial services industry include the SFO, the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong), the Listing Rules and The Codes on Takeovers and Mergers and Share Buy-backs. In addition, the Group's engagement in China B shares trading business is subject to the applicable PRC laws and regulations. A failure to comply with these rules and regulations may subject the Group to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines, censure, reprimand or even suspension of licences. The Group has resolved the issues relating to any non-compliance of regulatory requirements in the past and none of the Issuer's directors and senior management were subject to any regulatory investigations by competent authorities in the past few years. However, if the Group fails to comply with any regulatory requirements in the future, the Group and its employees may become the subject of inquiries or investigations by relevant regulatory authorities. Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be jeopardised. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, there is a risk that new laws or regulations or changes in enforcement of existing laws or regulations applicable to the Group's businesses or those of its clients could be imposed on a limited subset of financial institutions (either based on size, activity, geography or other criteria), which may adversely affect the Group's ability to compete effectively with other institutions that are not affected in the same way.

The Group's businesses are vulnerable to stock price volatility and illiquidity of securities and the Group may incur substantial loss

The Group provides margin financing to its clients. Margin financing is particularly vulnerable to stock price volatility and the illiquidity of those securities which are pledged as security for loans. In a volatile market, if the stock 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 its margin call, the Group is entitled 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. The Group's businesses and financial performance may also be adversely affected if any borrower fails to repay the amount owed to the Group.

Clients entering into securities transactions are required to settle their transactions before the prescribed period of time. 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, the licences issued by SFC may be suspended.

All futures 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.

The Group also provides loan facilities to clients backed by collateral (including shares of listing companies or private companies or other assets) provided by the clients through the wealth management and other business teams. The Group may incur substantial loss if the clients fail to repay the loan and/or the collateral provided by the clients sustains a loss in value or cannot be liquidated in due course. Each such financing transaction is subject to the Group's Credit Approval Committee's review and approval and each such transaction is monitored by the Group's risk management team. However, the existing risk control measures may not fully prevent a client's default in repayment or its failure to provide additional collateral in the case of a loss in value especially during times of volatility.

The Group has incurred negative revenue and net loss for the year ended 31 December 2022 and any further negative revenue or net losses in the future may have a material adverse impact on its business, financial condition and results of operations

The Group has incurred negative revenue and net loss for the year ended 31 December 2022. The revenue of the Group for the year ended 31 December 2022 was -HK\$1,390.5 million, decreased from HK\$5,252.2 million for the year ended 31 December 2021. The net loss of the Group for the year ended 31 December 2022 was HK\$6,540.5 million, decreased from a net profit of HK\$300.8 million for the year ended 31 December 2021. The net loss for the year ended 31 December 2022 was mainly attributable to the tightening monetary policies across the world together with the geopolitical conditions which led to (i) protracted lackluster market sentiment in Hong Kong and a consequential decline in the Group's overall income; (ii) unrealised loss on the Group's equity and debt investment due to diminishing market prices and valuations; and (iii) increase in provision for expected credit losses for loans.

The Group may again incur negative revenue and/or net losses in the future due to a number of factors, including, among others, the downturns in the financial markets, fluctuations of stock indices, lower number of initial public offerings, reduction in trading volumes, illiquidity of securities in the secondary markets and asset price fluctuations. Given the current economic landscape, these factors are likely to continue their impacts on the market, and the Group's future results of operations will also continue to be affected by and depend upon a number of other factors, such as social, political, economic, legal and other factors, most of which are beyond the Group's control. There is no assurance that the Group will not continue to experience such negative trends of, or significant fluctuations in, revenue or net profit in the future. If the Group continues to experience significant fluctuations in its revenue and net profit or incur negative revenue and/or net losses, the Group's business, financial conditions and results of operations may be materially and adversely affected.

A reduction in brokerage commission rates or trading activities by the Group's clients may materially and adversely affect the Group's business, financial condition, results of operations and prospects

In 2017, the Group has transformed and upgraded its brokerage business and renamed it as wealth management business. Revenue from wealth management business segment is primarily derived from the commissions the Group charges its clients for their trading activities. Accordingly, revenue from the Group's wealth management business depends significantly on trading volume, which in turn is influenced by market conditions in the Greater China Region. For the years ended 31 December 2020, 2021 and 2022, revenue from the Group's wealth management business segment was HK\$1,994.1 million, HK\$1,408.9 million and HK\$1,099.6 million, respectively.

In addition, the Group's wealth management business could also be adversely affected by a reduction in brokerage commission rates because of increased competition in the Hong Kong brokerage markets. As a result, the Group reduced its reliance on the brokerage business by transforming this segment from traditional brokerage to wealth management with a wide variety of financial services and investment solutions offering. However, there can be no assurance that the Group's revenue derived from wealth management segment can be sustained.

The Group faces risks associated with the underwriting of securities offerings

The Group is exposed to transaction-specific execution risks for each securities offering it sponsors or underwrites. The Group generally receives payment of sponsor fees or underwriting commissions only after it successfully completes a transaction. If a project the Group sponsors is not completed as scheduled or at all for any reason, including weak investor interests and a failure to receive listing approval, the Group may not receive payment for its corporate finance services in a timely manner, or at all, which may materially and adversely affect its business, financial condition, results of operations and prospects.

The Group has investment risk on securities it underwrites on a firm commitment basis and may suffer additional losses as a member of an underwriting syndicate if an offering is not fully subscribed. The performance of the underwriting activities may severely deteriorate during periods of sluggish and volatile market conditions when the securities underwritten by the Group are undersubscribed and the Group and other underwriters/sub-underwriters are required to take up unsubscribed securities. If the Group fails to sell the securities it underwrites, it would suffer reputational damage, as well as incur expenditure to purchase and hold the underwritten securities, thereby materially and adversely affecting its business, financial condition, results of operations and prospects. Further, the Group has litigation, reputation and other risks from the securities offerings in which it participates, even after the completion of the offerings, if controversies, disputes and claims arise from the offerings, including but not limited to securities class actions and regulatory investigations about alleged securities fraud and other causes of action.

In addition, companies that wish to list their securities in Hong Kong require an investment bank to act as sponsor to assist with their listing application. When the Group acts as a sponsor, it is required to fulfil certain due diligence and disclosure requirements in connection with each project it sponsors. Furthermore, the SFC published the “Additional Fit and Proper Guidelines for Corporations and Authorized Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers” (Appendix I to the “Fit and Proper Guidelines”) in October 2013 on enhancing the regulatory regime of sponsors in Hong Kong, which will result in more stringent regulatory requirements and increased liability for IPO sponsors. A failure to satisfy these requirements could subject the Group to fines and other administrative or regulatory penalties, including suspension of its licences, or even criminal liability, which may materially and adversely affect the Group’s business, financial condition, results of operations and prospects.

The Group’s revenue may be adversely affected by reductions in its assets under management caused by market declines

The Group’s revenue from its asset management business principally consists of investment management fees, which are based on the value of its assets under management. Consequently, investment performance affects the amount of the assets under the Group’s management and is one of the most important factors in retaining clients and competing for new asset management business. Poor investment performance could adversely affect the Group’s revenue and business growth because:

- existing clients might withdraw funds from the Group’s asset management business in favour of better performing products provided by its competitors, which would result in a reduction of management fees for the Group;
- clients may require the Group to reduce its fees for asset management services, particularly in an intensely competitive industry; and
- the Group’s incentive fees (if any), which are based on a percentage of investment returns, would decline.

There can be no assurance that the Group would be able to keep or increase the assets under the Group’s management. To the extent the Group may fail to keep or increase the assets under its management due to increasing competition from insurance companies, trust companies, banks and other competitors, its business, financial condition, results of operations and prospects would be adversely affected.

The Group may be subject to claims of mis-selling

The Group offers a number of financial products directly to retail and institutional investors and to private investors through intermediaries or distributors. If these investors suffer losses on such financial products, they or their advisers may seek compensation from the Group on the basis of allegations that the financial products were mis-sold or that the prospectuses, offering circulars or other marketing materials contained misleading information or failed to disclose material information, the omission of which rendered the content therein misleading or that misleading marketing materials were provided to or supplied by intermediaries. Despite the policies enacted by the Group to guide employees on the appropriate selling procedures, it is possible that the Group has fraudulent employees who do not comply with such policies. A potential legal action undertaken by investors for mis-selling may be successful and this could in turn adversely affect the business, financial condition, results of operations and prospects of the Group. Any claim for mis-selling may also result in a regulatory investigation and censure and may damage the reputation of the Group.

The Group’s business is subject to concentration risks due to significant holdings of financial assets or significant commitments of capital

In the course of the Group’s business, the Group often commits substantial amounts of capital to certain types of businesses or asset classes, including the Group’s wealth management business, corporate finance business, global market business and investment business. This commitment of capital exposes the Group to concentration risks, including market risk, in the case of the Group’s holdings of concentrated or illiquid positions in a particular asset class, and credit risk. Any decline in the value of such assets may reduce the Group’s revenues or result in losses.

The Group may suffer significant losses from credit exposures from its clients and counterparties

The Group's wealth management business is subject to the risk that a client or counterparty may fail to perform its payment or other obligations or that the value of any collateral held by the Group to secure the obligations might become inadequate. Any material non-payment or non-performance by a client or counterparty could adversely affect the Group's financial condition, results of operations and cash flows.

Although the Group regularly reviews credit exposures to specific clients and counterparties and to specific industries that the Group believes may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee, such as fraud. The Group may also fail to receive full information with respect to the trading risks of counterparties.

The Group's failure to identify and disclose the risks inherent in the financial products it distributes may have an adverse effect on the Group's reputation, client relationships, business, financial results and prospects

In addition to the Group's own financial products, the Group also distributes financial products developed by third-party financial institutions. These financial products, such as trust schemes and structured products, may have complex structures and involve various risks, including credit, interest, liquidity and other risks. The Group's risk management policies and procedures may not be fully effective in identifying the risks inherent in these financial products, and the Group's sales employees may fail to fully disclose such risks to the Group's customers. These factors may cause the Group's clients to suffer significant losses as a result of their investment in financial products that are too risky for their risk tolerance and investment preferences. This may subject the Group to regulatory measures and fines, client complaints and litigations, which in turn could harm the Group's reputation, client relationships, business and prospects.

The expansion of the Group's product and service offering exposes the Group to various risks, and the Group may misjudge the implementation of a new product group or customer acquisition channel, of a new pricing or credit assessment method or analytical tools and data

As the Group continually expands its business and adjusts its business strategies in the changing market, it may seek to introduce new product or service groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. Expansion of and changes to the product range exposes the Group to a number of risks and challenges, including the following:

- competitors of the Group may have substantially greater experience and resources in relation to the business activities that the Group wishes to commence, and the Group may not be able to attract customers to its services from competitors with existing relationships with those customers;
- the new products and services may not be accepted by the Group's customers or meet its expectations for profitability, and may require greater marketing and compliance costs than the Group's traditional services;
- the new products and services may give rise to potential disputes or claims from customers;
- the Group may face greater risk of potential compliance issues such as mis-selling when dealing with less sophisticated counterparties and investors;
- the Group may need to hire additional qualified personnel who may not be available; and
- the Group may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

For example, the Group may suffer losses on the stock index futures contracts the Group enters into if stock prices move unfavourably. The Group is also subject to substantial risks in the Group's margin financing business, if borrowers of margin loans default on payments or the value of the collateral for the loans is insufficient to cover the margin loan amount.

Furthermore, to the extent its business model and practices are unfamiliar to regulatory authorities, the Group may encounter unexpected restrictions on its planned activities. If the Group is unable to achieve the intended results from the expansion of its range of products and services, it may make an error of judgement in the conception, planning and/or implementation of these strategies and methods, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, competition for highly skilled business, technical and other personnel is high due to the increasing competition in the financial services industry. Accordingly, the Group's personnel expenses may increase or the Group may have difficulty in recruiting and retaining properly qualified personnel. There can be no assurance that the Group will be able to achieve the administrative, systems and logistical improvements necessary to achieve its goals and other aspects of its growth effectively.

The Group's business is subject to the risks associated with international expansion

The Group plans to continue to expand its Hong Kong operations and explore entry into other international markets in the future. For examples, in 2016, the Group completed the acquisition of Haitong Securities India Private Limited, with which a financial servicing network was set up to cover the world's major capital markets including Hong Kong, Singapore, Sydney, New York, London, Tokyo and Mumbai; in 2017, the Group purchased the entire share capitals of Haitong UK and Haitong USA from Haitong Bank to further consolidate its licenses and businesses so as to identify more new customers for the positive development of overseas market. The purchase was completed in 2018. Focusing on New York, London, Singapore and Hong Kong markets, the Group is also expanding its presence to other major Asia-Pacific capital market including Tokyo, Sydney and Bombay. In expanding its business internationally, the Group intends to enter into markets in which it has limited or no experience. The Group may not be able to attract a sufficient number of clients due to its limited presence in these markets. Furthermore, the Group may fail to anticipate competitive conditions in new markets that are different from those in its existing markets. These competitive conditions may make it difficult or impossible for the Group to effectively operate in these markets. In addition, such expansion may increasingly subject the Group to the risks inherent in conducting business internationally, including but not limited to:

- economic instability and recessions;
- approval or licence requirements;
- obligation to comply with foreign laws and other regulatory requirements;
- potential adverse tax consequences;
- political instability;
- change in tariffs;
- difficulties in administering foreign operations generally;
- limited protection for intellectual property rights;
- increased risk of exposure to terrorist activities;
- foreign exchange losses;
- inability to effectively enforce contractual or legal rights; and
- difficulties in recruiting and retaining qualified personnel.

In particular, despite its efforts to comply with all applicable regulations in all the jurisdictions in which the Group operates or plans to operate, there may be instances in which the Group fails to comply with the regulations in certain jurisdictions. Overseas regulators may bring administrative or judicial proceedings against the Group or its employees, representatives, agents and third party service providers. If the Group is unable to manage the risks resulting from its expansion outside the PRC, its business, financial condition, results of operations and prospects may be adversely affected.

The Group's investment consultants and professionals are critical to its ability to attract and retain customers

Hiring and retaining highly skilled professionals is critical to the Group's ability to attract and retain customers. The market for investment management and other professionals, including underwriting sponsors, research analysts, traders, marketing and customer support staff and information technology and other operations personnel in the Asia-Pacific region, is highly competitive and has grown more so recently as customers focus increasingly on investment performance and as employers such as investment banks and hedge funds increase their recruitment activity. As a result, movement of such individuals among different firms has become more frequent.

The Group endeavours to provide its employees with competitive compensation and benefits. However, it may not be successful in hiring or retaining key personnel. Failure to obtain or retain the services of key personnel may materially and adversely affect the performance of the Group's products, its ability to develop new products and the attractiveness of its services to potential and current customers.

Damage to reputation or brand, including as a result of negative publicity with respect to other companies affiliated with the "Haitong" brand or the Group, may materially and adversely affect the Group's business, financial condition, results of operations and prospects

The Group operates in an industry where customer trust and confidence are paramount. This makes the Group vulnerable to negative publicity and market perceptions that may be difficult or impossible for it to control. The Group's reputation and brand are accordingly vital to the success of its business. If its reputation or brand is damaged, the Group could lose existing customers and find it difficult to cultivate new business. Reports of investigations, claims, enforcement actions, fines or other sanctions against the Group, or reports of 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, may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Haitong Securities, which indirectly held 67.92% interests in the Issuer through its wholly-owned subsidiary Haitong International Holdings as at 31 December 2022, is a leading full-service securities firm in the PRC, offering securities and futures brokerage (including margin financing and securities lending), investment banking, asset management, proprietary trading and direct investment services. As the "Haitong" brand name is also used by other members of the Haitong Group, if any of these entities takes any action that damages the "Haitong" brand name, or any negative publicity is associated with any of these entities, the Group's business, financial condition, results of operations and prospects may be adversely affected.

Misuse of, or failure to properly control, customers' personal or financial information could prove harmful to the Group

The Group is subject to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) which regulates "data users" such as finance companies that use databases of personal information for their businesses and protects the privacy of individuals in relation to personal data. The Group acquires a large amount of personal and financial information relating to its customers. In addition, certain third party vendors provide services to the Group using personal and financial information of the Group's customers that the Group provides to them. In particular, as the Group relies on third party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of the Personal Data (Privacy) Ordinance and other applicable laws, harming the Group's reputation and business. The Group takes precautionary measures, including internal compliance procedures, to prevent and detect misuse or unauthorised or accidental disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors.

The Group's business might be affected by the operational failure of its employees

The Group faces the risk of the operational failure of its employees, which mainly includes accidents or errors that take place in the course of the day-to-day operation of wealth management, corporate finance, asset management, global market and investment businesses. Although the Group has implemented internal control measures including strengthened transaction review and enhanced standard operation training to prevent against the risk of employee operational failure, the Group may not be able to completely avoid the occurrence of or timely detect any operational failure. Any future operational failure of employees or any termination of employment relationship in relation to operational failure could adversely affect the Group's business and reputation, as well as the Group's ability to execute transactions, service the Group's clients and manage the Group's exposure to various risks.

Employee misconduct such as fraud could adversely affect the Group's business and reputation

Employee misconduct, which can include violations of laws or regulations concerning the offering and sale of the Group's financial products and fraudulent or otherwise improper activity, could result in regulatory violations and sanctions which could harm the Group's reputation and business, particularly since many of the Group's employees are involved in direct dealing with customers. Common weaknesses that facilitate fraud include the failure to implement effectively a centralised management and supervision, inadequate segregation of duties, insufficient access controls and certain actions taken by employees which are not consistent with the Group's internal control policies. While the Group's compliance programmes are intended to reduce the risk of employee misconduct and outside parties' misconduct and fraud, the Group may not always be able to timely detect or prevent such misconduct, and this risk cannot be completely eliminated. Instances of employee misconduct in the future could have consequences that materially and adversely affect the Group's business, reputation and prospects.

The Group's businesses and prospects may be materially and adversely affected if it fails to maintain its risk management and internal control systems or these systems are proved to be ineffective or inadequate

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 its ability to identify any reporting errors and noncompliance with rules and regulations.

The Group's internal control system may contain inherent limitations caused by misjudgement. As a result, there can be no assurance that its risk management and internal control systems are adequate or effective notwithstanding its efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Group or its employees, disruption to its risk management system. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

A failure to identify and address conflicts of interest appropriately could adversely affect the Group's business

As the Group continues to expand its business scope and client base, it is critical for the Group to be able to properly identify and address potential conflicts of interest, including situations where two or more interests within the Group's business legitimately exist but are in competition or conflict. Appropriately identifying and dealing with potential conflicts of interest is difficult. Any failure to manage conflicts of interest could harm the Group's reputation and erode client confidence in the Group. In addition, potential or perceived conflicts of interest may also give rise to litigation or regulatory measures. Any of the foregoing could adversely affect the Group's business, financial condition and results of operations.

A failure in the Group's operations and IT systems could impair its liquidity, disrupt its businesses, result in the leakage of confidential information, damage its reputation and cause losses

The Group's business is highly dependent on its ability to process, on a daily basis, a large number of transactions, some of which are highly complex and time sensitive. Consequently, the Group relies heavily on its financial, account, data processing or other operating systems and facilities. If any of these systems fails to operate properly or becomes disabled as a result of events that are wholly or partially beyond the Group's control, its ability to process the transactions may be adversely affected. The inability of the Group's systems to accommodate an increasing volume of transactions could also constrain its ability to expand its businesses. Although the Group has invested significant resources into upgrading its systems to reduce the risk of potential failure in its systems and expects to continue to do so, there can be no assurance that such upgrades will be effective in preventing future system failures or that the revenue generated from such upgrades will yield an adequate return on its investment.

The Group's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks and may be vulnerable to unauthorised access, computer viruses or other malicious programmes and other events that have an adverse effect on security. If one or more of such events occur, this potentially could jeopardise confidential information processed and stored in and transmitted through the Group's computer systems and networks, or otherwise cause interruptions or malfunctions in its operations, which could result in reputational damage, litigation and/or financial losses.

The Group routinely transmits and receives personal, confidential and proprietary information through the Internet, by email and other electronic means and may not be able to ensure that its clients, vendors, service providers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information. An interception or mishandling of personal, confidential or proprietary information being sent to or received from these third parties could result in legal liability, regulatory action and reputational harm, and the Group's efforts to ensure that these third parties have appropriate controls in place may not be successful.

The Group may not be able to identify money laundering activities or other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and adversely affect its business

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in Hong Kong, the PRC and other jurisdictions in which it operates. These laws and regulations require the Group, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious transactions to the applicable regulatory authorities in different jurisdictions. While the Group has adopted policies and procedures aimed at detecting and preventing the use of its networks for money-laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the extent the Group may fail to comply fully with applicable laws and regulations, the relevant government agencies to which the Group reports have the power and authority to impose fines and other penalties on the Group, which may adversely affect its business.

The Group's clients and counterparties may be unable to perform their obligations as a result of deterioration in their credit quality or defaults

The Group enters into derivatives and foreign exchange under which counterparties have obligations to make payments to it. The Group also extends credit to clients through margin financing or other arrangements that are secured by physical or financial collateral, the value of which may at times be insufficient to cover fully the loan repayment amount. As a result, the Group is exposed to the risks that third parties may default on their obligations because of bankruptcy, lack of liquidity, operational failures or other reasons. A failure of a significant market participant, or even concerns about a default by such an institution, could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect the Group. The Group is also subject to the risk that its rights against third parties may not be enforceable in all circumstances. While in many cases the Group is permitted to require additional collateral from counterparties that experience financial difficulties, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The termination of contracts and the foreclosure on collateral may subject the Group to claims for the improper exercise of its rights. Default rates, downgrades and disputes with counterparties as to the valuation of collateral increase significantly in times of market stress and illiquidity.

Although the Group regularly reviews credit exposures to specific clients, counterparties and industries that it believes may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee, such as fraud. The Group may also fail to receive full information with respect to the trading risks of counterparties.

The Group's business is susceptible to the operational failure of third parties

The Group faces the risk of operational failure or termination of any of the exchanges, depositaries, clearing agents or other financial intermediaries it uses to facilitate its securities transactions. However, any future operational failure or termination of the particular financial intermediaries that the Group uses could adversely affect its ability to execute transactions, service its customers and manage its exposure to various risks.

In addition, as the Group's interconnectivity with its customers grows, its business also relies heavily on its customers' use of their own systems, such as personal computers, mobile devices and the Internet, and the Group will increasingly face the risk of operational failure in connection with its customers' systems.

The risk of an unfavourable outcome to litigation against the Group could adversely affect the Group's business, financial condition, results of operations and prospects

The Group is exposed to litigation risk relating to the operations of its businesses on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

Interest rate fluctuations may adversely affect the Group's businesses

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 financing and leveraged and acquisition finance business thus adversely affecting the Group's business and financial results.

Interest rates volatility, for example, the multiple interest rate hikes by the U.S. government since 2022, may also affect stock market performance and general market sentiment, hence causing indirect adverse impact on the Group's business performance.

Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Group's expansion plans

A number of the Group's activities are subject to various statutory liquidity requirements as prescribed by the SFC in accordance with the SFO.

The Group derives the funds that it requires for its business principally from cash flow from operations and borrowings from banks and other lenders and from accessing the capital markets. The ability of the Group to access debt funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. In recent years, global credit markets have tightened significantly with the failure or the nationalisation of a number of large financial institutions in Europe, the United States and other countries. Financial institutions are generally more cautious in lending funds to companies, and as a result, companies may face increased financing costs as they may only be able to procure funds from financial institutions with increased interest rates applied to their funds. While the Group has not experienced any material difficulty in procuring funds, there can be no assurance that the Group's existing major lenders will not change their lending policies, increase its funding costs or adopt a more cautious credit stance as a result of the overall economic climate, or any other factors that may limit the Group's ability to obtain credit on favourable terms or at all and its options for obtaining liquidity. If the Group's available funding is limited or it is forced to fund its operations at a higher cost, these conditions may require the Group to curtail its business activities and increase its cost of funding, both of which could reduce its profitability.

The Group may incur losses as a result of unforeseen or catastrophic events, or poor performance of its investments

The Group, its suppliers and customers may experience shutdowns of their respective operations as a result of severe communicable diseases, such as avian influenza (bird flu), H7N9 flu, MERS, the Zika Virus and COVID-19, which may have an adverse effect on the Group's business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Group's business. In particular, the COVID-19 pandemic has been one of the most significant global health crises in recent years. Since late 2019, the COVID-19 pandemic has spread around the world and has led to significant volatility in the global markets. In 2022, a number of countries have cancelled or relaxed their containment measures, such as travel restrictions, lockdowns, limitations on public gatherings and suspension of major events. While restrictive measures have been relaxed and many aspects of daily life gradually returned to normal, it is difficult to predict how long the COVID-19 pandemic will continue to develop and the extent to which the Group may be affected. There is no assurance that the outbreak will not lead to decreased demand for services the Group provides, which may result in adverse impact on the Group's businesses. The occurrence of diseases, unforeseen violence resulting from protests, strikes or demonstrations or any other unforeseen or catastrophic events, including the emergence of a pandemic or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks or natural disasters, could create economic and financial disruptions or lead to operational difficulties (including travel limitations) that could impair the Group's ability to manage its businesses and expose its business activities to significant losses. The Group's businesses include wealth management, corporate finance, asset management, global market and investment, and its financial performance highly correlates with the performance of the financial markets. The outbreak of COVID-19 pandemic has caused prices of equity and debt securities, including equity and/or debt securities that the Group has invested in, to fluctuate significantly.

In addition, the performance of the Group's investment portfolio companies may be materially impacted in recent periods due to factors that are beyond the Group's control, which may in turn materially and adversely affect the Group's financial condition and results of operations.

Legislation enacted in Bermuda in response to the European Union's review of harmful tax competition could adversely affect the operations of the Issuer

During 2017, the European Union Economic and Financial Affairs Council ("ECOFIN") released a list of non-cooperative jurisdictions for tax purposes. The stated aim of this list, and accompanying report, was to promote good governance worldwide in order to maximise efforts to prevent tax fraud and tax evasion. To address concerns relating to economic substance, Bermuda enacted The Economic Substance Act 2018 which came into effect on 31 December 2018 and amended by the Economic Substance Amendment Act 2019, the Economic Substance Amendment (No. 2) Act 2019 on 28 June 2019 and 24 December 2019, the Economic Substance Amendment Act 2021 on 30 June 2021 respectively. Such legislation requires certain entities in Bermuda engaged in "relevant activities" to maintain a substantial economic presence in Bermuda and to satisfy economic substance requirements. The list of "relevant activities" includes carrying on as a business any one or more of: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service centre, intellectual property and holding entities. The introduction of the substance regime in Bermuda may present difficulties for the Issuer. As a result of the introduction of such legislation the Issuer may be required to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain physical offices and premises in Bermuda or perform core income-generating activities in Bermuda. To the extent the Issuer is required to increase its substance in Bermuda to satisfy such requirements, it could result in additional costs that could adversely affect its financial condition or results of operations.

The Financial Institutions (Resolution) Ordinance may adversely affect the Notes

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "FIRO") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant Resolution authorities, which may include the Issuer as the issuer of the Notes. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to

bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution or within scope financial institution in Hong Kong. In particular, subject to certain safeguards, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Notes or the principal amount of, or interest on, the Notes, and powers to amend or alter the contractual provisions of the Notes, all of which may adversely affect the value of the Notes, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of Notes (whether senior or subordinated) may become subject to and bound by the FIRO.

There could be conflicts of interest arising out of the different roles played by the Issuer and its subsidiaries, and the Group's other activities may affect the value of the Notes

The Issuer is the issuer of the Notes and its subsidiary might also be appointed as Dealer for certain Notes. The Issuer or its subsidiaries may also issue other competing financial products which may affect the value of the Notes. Investors should also note that potential and actual conflicts of interest may arise from the different roles played by the Issuer and its subsidiaries in connection with the Notes and the economic interests in each role may be adverse to the investors' interests in the Notes. Although the Issuer has internal control policies and procedures to minimise any potential conflict of interest, the Issuer owes no duty to the investors to avoid any such conflicts.

Risks Related to the Market Generally

International financial markets and world economic conditions may adversely affect the market price of the Notes

If the international financial markets and world economic conditions decline, the market price of the Notes may be adversely affected. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. While economic conditions differ across nations, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. In addition, the ongoing U.S.-China trade war may have an adverse effect on the Chinese economy resulting in continuing uncertainties for the overall prospects of the Chinese economy since 2019 and beyond. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

An active trading market for the Notes may not develop and Notes issued under the Programme may trade at a discount to their initial offering price and/or with limited liquidity

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 Notes. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although an application has been made for the Notes issued under the Programme to be admitted to listing on the HKSE, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (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.

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 may adversely affect the value of Fixed Rate Notes

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.

Risks Relating to the Notes Issued under the Programme

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

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser’s 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.

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

Modification and waivers

The Conditions 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 Conditions also provide that the Agents and the Issuer may agree, without the consent of the Noteholders or Couponholders (as defined in the Conditions), to any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders or a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Change of law

The Conditions are governed by 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.

The Issuer may be unable to redeem the Notes

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the Issuer may, and at maturity, will, be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

The liquidity and price of the Notes following the offering may be volatile

The price and trading volume of the Notes may be volatile. Factors such as variations in the Issuer's consolidated revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rate fluctuations in prices for the securities of comparable companies and any adverse change in the credit rating could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes trade. There is no assurance that these developments will not occur in the future.

If any member of the Group is unable to comply with the restrictions and covenants in its respective debt agreements, or the Notes, there could be a default under the terms of these agreements, or the Notes, which could cause repayment of the relevant debt to be accelerated

If the Issuer is unable to comply with the restrictions and covenants in the Notes, or if any member of the Group is unable to comply with its current or future debt obligations and other agreements, there could be a default under the terms of these agreements, or the Notes. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Group, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements, and the Notes, contain (or may in the future contain) cross-acceleration or cross-default provisions. As a result, the default by the Issuer or such subsidiary under one debt agreement may cause the acceleration of repayment of debt, including the Notes, or result in a default under its other debt agreements, including the Notes. If any of these events occur, the assets and cash flows of the Group may be insufficient to repay in full all of its indebtedness, and the Group may not be able to find alternative financing. Even if alternative financing could be obtained, the terms may not be favourable or acceptable to the Group.

The Notes are unsecured obligations

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 future 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 may not be sufficient to pay amounts due on the Notes.

The Issuer has limited assets and will need to rely on cash flow from other Group members to service its obligations under the Notes, and claims under the Notes will be subordinated to the obligations of the subsidiaries of the Issuer.

The Issuer is a holding company that generates its revenue primarily through its subsidiaries, and the Issuer's ability to perform its obligations under the Notes is effectively dependent on the cash flow of its subsidiaries. Any claim against the Issuer in relation to the Notes will be effectively structurally subordinated to all existing and future obligations of the Issuer's subsidiaries, and all claims by creditors of such subsidiaries will have priority to the assets of such subsidiaries over the claims of the Noteholders under the Notes.

The insolvency laws of Bermuda and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar

The Issuer is incorporated under the laws of Bermuda, any insolvency proceeding relating to the Issuer would likely involve insolvency laws of Bermuda, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, or lodged with a sub-custodian for the CMU. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders or, in the case of the CMU, to the persons for whose account(s) interests in such Global Note are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the Issuer in a relevant CMU Instrument Position Report or any other notification by the CMU.

A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

The Issuer may be treated as a PRC resident enterprise for PRC tax purposes, which may subject the Issuer to PRC income taxes on its worldwide income and PRC withholding taxes on interest the Issuer pays on the Notes

Under the new PRC Enterprise Income Tax Law (the “EIT Law”) and the implementation rules, both of which took effect on 1 January 2008 and as amended from time to time, enterprises established outside the PRC whose “de facto management bodies” are located in China are considered “resident enterprises” for PRC tax purposes.

The implementation rules define the term “de facto management bodies” as “bodies that substantially carry out comprehensive management and control of the business operations, employees, accounts and assets of enterprises”. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the “de facto management bodies” for foreign enterprises that are controlled by PRC enterprises. At the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there can be no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. If the Issuer is deemed to be a PRC resident enterprise under the EIT Law, the Issuer would be subject to the PRC enterprise income tax at the rate of 25% on its worldwide taxable income. Furthermore, the Issuer may be obligated to withhold PRC income tax of up to 7% on payments of interest and certain other amounts on the Notes to investors that are Hong Kong resident enterprises or 10% on payments of interest and other amounts on the Notes to investors that are not Hong Kong resident enterprises, provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if the Issuer fails to do so, it may be subject to fines and other penalties. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Notes may be regarded as being derived from sources within the PRC and may accordingly be subject to a 10% PRC withholding tax. Pursuant to the PRC Individual Income Tax Law, any non-resident individual Noteholders may be subject to individual income tax at the rate of 20 per cent. on the interest payable, which may be further decreased by an applicable tax treaty.

Due to uncertainties in the interpretation of certain provisions of the new value-added tax (“VAT”) regime in the PRC, the issuance of the Notes may be treated as provision of loans within the PRC that is subject to VAT, and the Issuer may be required to withhold VAT and local levies from the payment of interest income to holders of Notes located outside of the PRC, and there is uncertainty as to the applicability of VAT in respect of a sale or exchange of the Notes

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業稅改徵增值稅試點的通知》) (Caishui [2016] No. 36, “Circular 36”) confirming that business tax would be completely replaced by VAT from 1 May 2016. With effect from 1 May 2016, income derived from the provision of financial services which previously was subject to business tax has been entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing services within the PRC will be subject to VAT. Services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. Services subject to VAT include financial services, such as the provision of loans. It is further clarified under Circular 36 that “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon.

It is not clear whether Circular 36 would be interpreted to deem the issuance of Notes by the Issuer as the provision of loans, and therefore services, provided within the PRC, which therefore could be subject to VAT. Furthermore, there can be no assurance that the Issuer would not be treated as a “resident enterprise” under the New Enterprise Income Tax Law. PRC tax authorities could take the view that holders of Notes are providing loans within the PRC because the Issuer is treated as a PRC tax resident. In such an interpretation, the issuance of the Notes could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the Issuer is treated as a PRC tax resident and if PRC tax authorities take the view that holders of Notes are providing loans within the PRC, then holders of Notes could be deemed to be providing financial services within the PRC and consequently, holders of Notes could become subject to VAT at the rate of 6% on interest payments under the Notes. In addition, under such an interpretation holders of Notes could become subject to local levies equal to approximately 12% of the VAT payment and consequently, the combined rate of VAT and local levies payable on interest due to holders of Notes could be up to 6.7%. Since Noteholders are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, would be required in such instance to withhold VAT and local levies from the payment of interest income to Noteholders.

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:

Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future

Interest rates and indices such as the Euro Interbank Offered Rate (“**EURIBOR**”) and other indices which are deemed to be or used as “benchmarks”, are the subject of recent national, international regulatory and other regulatory guidance and proposals for reform.

Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

Regulation (EU) No. 2016/1011 (the “**EU Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the “**UK Benchmarks Regulation**”) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks 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 Benchmarks Regulation or UK Benchmarks 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 benchmark.

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

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

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (“**ESTR**”) as the new risk-free rate. ESTR is expected to be published by the ECB by October 2019. 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.

It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forwards. This may cause EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

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

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

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes

The use of risk-free rates, including those such as the Secured Overnight Financing Rate (“**SOFR**”), as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference risk-free rates issued under the Programme. The Issuer may in the future also issue Notes referencing SOFR or the SOFR Compounded Index that differ materially in terms of interest determination when compared with any previous Notes issued by it under the Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the Conditions, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market’s forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SOFR or any related indices.

Risk-free rates may differ from LIBOR and other inter-bank offered rates in a number of material respects and have a limited history

Risk-free rates may differ from the London Interbank Offered Rate (“**LIBOR**”) and other inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on the Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in the Notes which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if the Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 10, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest Rate payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The administrator of SOFR or any related indices may make changes that could change the value of SOFR or any related index, or discontinue SOFR or any related index

The Federal Reserve or the Bank of New York (or their successors) as administrators of SOFR (and the SOFR Compounded Index), may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed

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 have features which are different from single currency issues

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.

Failure by an investor to pay a subsequent instalment of Partly Paid Notes may result in an investor losing all of its investment

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

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile

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

Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt

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

Fixed/Floating Rate Notes may have lower market values than other Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than 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.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

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 relating 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 the remittance of Renminbi into and out of from the PRC which may adversely affect the liquidity of Renminbi Notes

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

However, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. 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 was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and the People’s Bank of China (the “**PBOC**”) and the Ministry of Commerce of the PRC have implemented policies for policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any 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 outside the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer to repatriate funds outside the PRC to meet its obligations under Renminbi Notes, the Issuer will need to source Renminbi offshore to finance such obligations under the relevant Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

In addition, holders of beneficial interests in Renminbi Notes may be required to provide certifications and other information (including Renminbi account information) in order to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the 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 the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions (each, a “**Renminbi 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 remains limited.

There are restrictions imposed by 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 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. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and 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 outside the PRC 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 Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. 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 in the offshore market 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 governmental authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC governmental 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, the Issuer 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 the 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 as well as other factors. PBOC has in recent years implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. 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. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

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

Investors may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement mechanism for participating banks in Hong Kong. All payments to investors in respect of Renminbi Notes will be made solely by (i) when Renminbi Notes are represented by global certificates held with the common depository for Euroclear and Clearstream or a sub-custodian for the CMU or a common depository for any Alternative Clearing System, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of Euroclear or Clearstream or the CMU or the Alternative Clearing System (as defined below), or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including, but not limited to, in any other currency, by bank notes, by cheques or drafts or by transferring to a bank account in the PRC).

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 its 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 and in such cases, the Conditions also provide that the Notes of a Series may only be accelerated by holder(s) of at least 10% in aggregate principal amount of the Notes of that Series (other than in the case of bankruptcy or winding-up events described therein, the occurrence of which the Notes will be immediately repayable). See Condition 10.

The ratings of the Programme and the Notes may be downgraded or withdrawn

The Programme is expected to be rated "BBB" by S&P. The Notes to be issued under the Programme may be rated or unrated. The ratings represent the opinions of the rating agencies and their assessment of the Issuer to perform its obligations under the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time. A reduction or withdrawal of ratings may adversely affect the market price of the Notes and the Issuer's ability to access the debt capital markets.

FORM OF THE PRICING SUPPLEMENT

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

Pricing Supplement dated [●]

HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

海通國際證券集團有限公司

(the “Issuer”)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the “Notes”) under the U.S.\$5,000,000,000 Medium Term Note Programme (the “Programme”)

This document constitutes the pricing supplement (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 27 June 2023 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular dated 27 June 2023[, the supplemental Offering Circular dated [●]] and this Pricing Supplement.

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

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

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

[Prohibition of sales to UK retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the 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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently no key information document required by the Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[Singapore Securities and Futures Act Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as modified or amended from time to time, the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] 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).]

[Include the following language if the Notes are to be listed on the Hong Kong Stock Exchange.

This Pricing Supplement 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 “Professional Investors”) only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) 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 HKSE has not reviewed the contents of this Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme and the Notes on the HKSE 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 Issuer and its subsidiaries (collectively, the “Group”) or quality of disclosure in this Pricing Supplement. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Pricing Supplement, 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 Pricing Supplement.

This Pricing Supplement 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 and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement 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.]

[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 terms and conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated [●]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [●] [and the supplemental Offering Circular dated [●], save in respect of the Conditions which are extracted from the Offering Circular dated [●] 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.]

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

- | | | |
|---|-----------------------------------|--|
| 1 | Issuer: | Haitong International Securities Group Limited |
| | Legal Entity Identifier: | 549300Q1JC7X89PPGN26 |
| 2 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount: | |
| | – Series: | [●] |
| | – Tranche: | [●] |
| 5 | [(i)] Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> <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: | [●] <i>(if only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor of those Specified Denominations. Note: there must be a common factor in the case of two or more Specified Denominations.)</i> |
| 7 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | <i>[Specify date/Issue Date/Not Applicable]</i> |

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 (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]
 [EURIBOR/HIBOR/CNH HIBOR/SHIBOR/SOFR/specify reference rate] +/- per cent. Floating Rate] [Zero Coupon]
 [Dual Currency Interest]
[Other (specify)]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
 [Dual Currency Redemption] [Partly Paid]
 [Instalment]
[Other (specify)]
- 11 Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
- 12 Put/Call Options: [Put]
 [Call]
[(further particulars specified below)]
- 13 (a) Date of Board approval for issuance of Notes obtained: [and , respectively]/[None required]
- (b) Date of regulatory approval for issuance of Notes obtained: [Pre-issuance registration certificate/NDRC approval] dated the NDRC
- 14 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)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs 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 year³ [adjusted in accordance with
[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]

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): per Calculation Amount⁴
- (iv) Broken Amount(s): per Calculation Amount, payable on the Interest Payment Date falling
[[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon amount[(s)] and the Interest Payment Date(s) to which they relate]]
- (v) Day Count Fraction (Condition 5(j)): [30/360 or Actual/Actual (ICMA/ISDA) or Other]
(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars, Renminbi or Hong Kong dollars, unless the client requests otherwise)
- (vi) Determination Date(s) (Condition 5(j)): in each year
[[Insert regular interest payment dates, ignoring issue date or maturity date in case of a long or short first or last coupon]]⁵
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/Give details]
- 16 Floating Rate Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [Not Applicable/specify date]
- (ii) Specified Interest Payment Dates:
- (iii) Interest Period Date: [Not Applicable/specify dates]
[[Not applicable unless different from Interest Payment Date]]
- (iv) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Other (specify)]]
- (v) Business Centre(s) (Condition 5(j)):
- (vi) Manner in which the Rate(s) of interest is/are to be determined: [Screen Rate Determination/ISDA Determination/Other (specify)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the [Agent]):

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 RMB[0.01] (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 RMB[0.005] (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."

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

(viii) Screen Rate Determination
(Condition 5(b)(iii)(B)):

- Reference Rate: [EURIBOR/HIBOR/SOFR Benchmark/Other (*give details*)]
- Interest Determination Date(s): *[[●] [TARGET] Business Days in [specify city] for [specify current] prior to [the first day in each Interest Period/each Interest Payment Date]]*
- Relevant Screen Page: [●]
(In the case of EURIBOR, if not Reuters Page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.)
- SOFR Benchmark: [Not Applicable/Compounded Daily SOFR/Compounded SOFR Index]
(Only applicable where the Reference Rate is SOFR)
- Compounded Daily SOFR: [Not Applicable/SOFR Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout]
(Only applicable in the case of Compounded Daily SOFR)
- Lookback Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]
(Only applicable in the case of SOFR Lag)
- SOFR Observation Shift Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]
(Only applicable in the case of SOFR Observation Shift or Compounded SOFR Index)
- Interest Payment Delay Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]
(Only applicable in the case of SOFR Payment Delay)
- SOFR Rate Cut-Off Date: [Not Applicable/The day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Interest Period]
(Only applicable in the case of Compounded Daily SOFR: SOFR Payment Delay or Compounded Daily SOFR: SOFR Lockout)
- SOFR Index_{Start}: [Not Applicable/[●] U.S. Government Securities Business Day(s)]
(Only applicable in the case of Compounded SOFR Index)

| | | |
|--------|---|--|
| – | SOFR Index _{End} : | [Not Applicable/[●] U.S. Government Securities Business Day(s)] <i>(Only applicable in the case of Compounded SOFR Index)</i> |
| (ix) | ISDA Determination (Condition 5(b)(iii)(A)): | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| – | Floating Rate Option: | [●] |
| – | Designated Maturity: | [●] |
| – | Reset Date: | [●] |
| – | ISDA Definitions (if different from those set out in the Conditions): | [2000/2006] |
| (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, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions | [Benchmark Discontinuation (General) (Condition 5(j))/Benchmark Discontinuation (SOFR) (Condition 5(k))/specify other if different from those set out in the Conditions] |
| 17 | Zero Coupon Note Provisions: | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) | Amortisation Yield (Condition 6(b)): | [●] per cent. per annum |
| (ii) | Day Count Fraction (Condition 5(j)): | [●] |
| (iii) | Any other formula/basis of determining amount payable: | [●] |
| 18 | Dual Currency Note Provisions: | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) | Rate of Exchange/method of calculating Rate of Exchange: | <i>[Give or annex details]</i> |

- (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: *[Need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 5(j)): [●]

PROVISIONS RELATING TO REDEMPTION

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

- 22 Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c)) or an Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 23 Form of Notes: [Bearer Notes/Registered Notes] [Delete as appropriate]
- (i) Temporary or permanent Global Note/Certificate: [For Bearer Notes:
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]/
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]/
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]
[For Registered Notes:
[Registered Note exchangeable for notes in definitive from in the limited circumstances specified in the Global Certificate]]
- (ii) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
- 24 Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates: [Not Applicable/give details] *(Note that this paragraph relates to the date and place of payment and not Interest Period end dates to which sub- paragraphs 14(ii), 15(v) and 17(vii) relate.)*
- 25 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 26 Details relating to Partly Paid Notes (amount of each payment comprising Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment): [Not Applicable/give details]

| | | |
|----|--|--|
| 27 | Details relating to Instalment Notes: | [Not Applicable/give details] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| | (i) Instalment Amount(s): | [●] |
| | (ii) Instalment Date(s): | [●] |
| | (iii) Minimum Instalment Amount: | [●] |
| | (iv) Minimum Instalment Amount: | [●] |
| 28 | Redenomination, renominatisation and reconventioning provisions: | [Not Applicable/The provisions annexed to this Pricing Supplement apply] |
| 29 | Consolidation provisions: | [Not Applicable/The provisions annexed to this Pricing Supplement apply] |
| 30 | Other terms or special conditions: | [Not Applicable/give details] ⁶ |

DISTRIBUTION

| | | |
|-----|---|--|
| 31 | Method of distribution: | [Syndicated/Non-syndicated] |
| 32 | (i) If syndicated, names of Managers: | [Not Applicable/give names] |
| | (ii) Stabilising Manager (if any): | [Not Applicable/give names] |
| | [(iii) Dealer's Commission: | [●]] |
| 33 | If non-syndicated, name of Dealer: | [Not Applicable/give names] |
| 34 | U.S. Selling Restrictions: | [Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable] |
| 35 | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable] <i>(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)</i> |
| 35A | Prohibition of Sales to UK Retail Investors: | [Applicable/Not Applicable] <i>(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)</i> |
| 36 | Additional selling restrictions: | [Not Applicable/give details] |

⁶ 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.

OPERATIONAL INFORMATION

- 37 ISIN Code: [●]
- 38 Common Code: [●]
- 39 [CMU Instrument Number: [●]]
- 40 Clearing system(s) (Euroclear, Clearstream, the CMU or any other clearing system(s)) and the relevant identification number(s): *[Give name(s) and number(s)]*
- 41 Delivery: Delivery [against/free of] payment
- 42 Additional Paying Agents (if any): [●]
- 43 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a): [Not Applicable/*give details*]

HONG KONG SFC CODE OF CONDUCT

- 44 Rebates [A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not Applicable]
- 45 Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: *[Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – Overall Coordinators to provide]/[Not Applicable]*
- 46 Marketing and Investor Targeting Strategy *[if different from the Offering Circular]*

GENERAL

- 47 The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars): [Not Applicable/U.S.\$[●]]

- 48 [Ratings: The Notes to be issued have been rated: [S&P: [●]]
[Moody's: [●]] [[Other: [●]]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]
- 49 In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong: [Not Applicable/other (*specify*)]
- 50 In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than Hong Kong: [Not Applicable/other (*specify*)]

[LISTING APPLICATION]

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 Medium Term Note Programme of Haitong International Securities Group Limited.]

[STABILISING]

In connection with the issue of the Notes, [*insert name(s) of Stabilising Manager(s)*] (or persons acting on behalf of [*insert name(s) of Stabilising Manager(s)*]) (the “**Stabilising Manager(s)**”) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilising Manager(s) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilising shall, as against the Issuer, be for the account of the Stabilising Manager.]

[MATERIAL ADVERSE CHANGE STATEMENT]

[Except as disclosed in this document, there/There]⁷ 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*].]

RISKS RELATING TO NOTES

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.

⁷ If any change is disclosed in the Pricing Supplement, it will require approval by the relevant stock exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from the issue of Notes for [the Issuer's working capital and general corporate purposes].⁸

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: _____
Duly authorised

⁸ If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (“**Conditions**”) that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant pricing supplement (“**Pricing Supplement**”), shall be applicable to the medium term notes (the “**Notes**”) in definitive form (if any) issued in exchange for 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 Notes**”) or the global certificate(s) (“**Global Certificate**”) representing each series (“**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 (as defined below) or on the Certificates (as defined below) relating to the Registered Notes (as defined below). 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 U.S.\$5,000,000,000 Medium Term Note Programme (the “**Programme**”).*

The Notes are part of a Series of Notes issued by Haitong International Securities Group Limited (the “**Issuer**”) and issued pursuant to an amended and restated agency agreement dated 27 June 2023 (as amended, restated and/or supplemented as at the Issue Date, the “**Agency Agreement**”) between the Issuer, The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) as fiscal agent, CMU lodging agent and paying agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU**”) and registrar and the other agents named in it and with the benefit of a deed of covenant dated 20 June 2014 (as amended, restated and/or supplemented as at the Issue Date, the “**Deed of Covenant**”) executed by the Issuer in relation to the Notes. The fiscal agent, the CMU lodging agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**CMU Lodging Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent and the CMU Lodging Agent in addition to the paying agents), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. The Fiscal Agent, CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent(s) are collectively referred to as the “**Agents**”. For the purposes of these Conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are bound by, and 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 during usual business hours.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and Series means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as set out in the relevant Pricing Supplements).

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

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown in the Pricing Supplement.

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

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

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

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

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

2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** 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 may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Condition 2(f) (Closed Periods), 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. Subject to Condition 11(b) (Modification), the regulations may be changed by the Issuer with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the 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 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 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) **Transfers Free of Charge:** Transfers 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 by the relevant Noteholder of any registration stamp duty or other tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity, security and/or prefunding 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 (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(c) or 6(d), (iii) after any such Note has been called for redemption pursuant to Condition 6(e) or 6(f), or (iv) during the period of seven days ending on (and including) any Record Date (as defined below under Condition 7(b)).

3 Status of the Notes

The Notes and the Receipts and Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to 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 at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, from time to time outstanding.

4 Negative Pledge

(a) Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not, and the Issuer will procure that none of its Subsidiaries (as defined below) will, create or, permit to be outstanding any mortgage, charge, lien, pledge or other security interest (other than a lien arising by operation of law) (each a "**Security Interest**") upon, or with respect to, the whole or any part of its

respective present or future business, undertaking, revenues or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, unless the Issuer shall, in the case of the creation of such Security Interest, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes, the Receipts and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness, except for any Permitted Security Interest, or benefit from a guarantee or indemnity in substantially identical terms thereto; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

(b) Interpretation

For the purposes of these Conditions:

“Permitted Security Interest” means any of the following:

- (1) any Security over or affecting any asset acquired by a member of the Issuer Group after the Issue Date if:
 - (a) the Security is in existence at the date of acquisition and was not created in contemplation of the acquisition of that asset by a member of the Issuer Group;
 - (b) the assets concerned are solely listed or unlisted equity investments made in the ordinary course of its business; and
 - (c) the principal amount secured does not exceed the amount secured as at the date of such acquisition;
- (2) any Security over any or affecting any asset of a member of the Issuer Group created for the purposes of that member of the Issuer Group’s equities, derivatives and structured products issuance business, which, in each case, save for such Security does not otherwise have recourse against any member of the Issuer Group;
- (3) any Security created for the securities margin financing business, fixed income business, stock borrowing and lending business (including, without limitation, pursuant to transactions entered into under global master securities lending agreements consistent with the form of the Global Master Securities Lending Agreement published, from time to time, by the International Securities Lending Association (or any successor person) and under global master repurchase agreements consistent with the form of the Global Master Repurchase Agreement published, from time to time, by the International Capital Market Association (or any successor person)) or any back-to-back financial instrument created for client transactions of a member of the Issuer Group, which, in each case, save for such Security does not otherwise have recourse against any member of the Issuer Group, provided that such Security shall be limited to the underlying shares or instruments under the relevant securities margin financing, stock borrowing and lending or fixed income scheme in accordance with the Issuer Group’s margin financing, stock borrowing or lending or fixed income policy, as the case may be;

“Relevant Indebtedness” means any indebtedness in the form of or represented by any note, bond, debenture, debenture stock, loan stock or other similar security which (with the consent of the issuer of the indebtedness) is for the time being, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market;

“Security” means a mortgage, charge, pledge, lien assignment or other security interest securing any obligation of any person or any other agreement having a similar effect;

a “**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 Interest and Other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes:**
- (i) **Interest Payment Dates:** Each Floating Rate Note bears interest on its outstanding nominal amount from and including 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 ISDA Determination, Screen Rate Determination or Screen Rate Determination referencing SOFR 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 applicable 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:

- (1) the Floating Rate Option is as specified in the Pricing Supplement;
- (2) the Designated Maturity is a period specified in the Pricing Supplement; and
- (3) 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**”) or the CNH Hong Kong inter-bank offered rate (“**CNH HIBOR**”) or the Shanghai inter-bank offered rate (“**SHIBOR**”), 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

- (1) 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 (other than in respect of Notes for which SOFR is specified as the Reference Rate in the relevant Pricing Supplement) 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 Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, HIBOR, CNH HIBOR or SHIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

- (2) 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 paragraph (y) above, fewer than three offered quotations appear on the Relevant Screen Page, in each case as at the Specified Time, subject as provided below, the Calculation Agent shall promptly inform the Issuer and the Issuer shall use reasonable endeavours to appoint a determination agent (the “**Determination Agent**”) and procure such Determination Agent to 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 or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks or, if the Reference Rate is SHIBOR, the principal Shanghai office of each of the

Reference Banks to provide the Determination 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 and such offered quotation shall be notified by the Determination Agent in writing to the Calculation Agent. If two or more of the Reference Banks provide such 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.

- (3) If paragraph (2) above applies and fewer than two Reference Banks are providing offered quotations to the Determination Agent, subject as provided below, the Rate of Interest for the relevant Interest Period shall be the arithmetic mean of the rates per annum (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as communicated to the Calculation Agent by the Determination Agent and provided to the Determination 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), Hong Kong inter-bank market (if the Reference Rate is HIBOR or CNH HIBOR) or the Shanghai inter-bank market (if the Reference Rate is SHIBOR), as the case may be, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Determination 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 Determination Agent it is quoting to leading banks in the Euro-zone interbank market (if the Reference Rate is EURIBOR), Hong Kong inter-bank market (if the Reference Rate is HIBOR or CNH HIBOR) or the Shanghai inter-bank market (if the Reference Rate is SHIBOR), as the case may be, 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 or the Maximum or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or the Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).

(C) Screen Rate Determination for Floating Rate Notes referencing SOFR

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any) in accordance with Condition 5(g), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The “**SOFR Benchmark**” will be determined based on Compounded Daily SOFR or Compounded SOFR Index, as follows (subject in each case to Condition 5(k) as further specified hereon):

- (x) If Compounded Daily SOFR (“**Compounded Daily SOFR**”) is specified hereon as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Period (where SOFR Lag, SOFR Payment Delay or SOFR Lockout is specified as applicable hereon to determine Compounded Daily SOFR) or the SOFR Observation Period (where SOFR Observation Shift is specified as applicable hereon to determine Compounded Daily SOFR).

Compounded Daily SOFR shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified as applicable hereon:

- (i) SOFR Lag:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_{i-xUSBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR_{i-xUSBD}**” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day “i”;

“**Lookback Days**” means such number of U.S. Government Securities Business Days as specified hereon;

“**d**” means the number of calendar days in the relevant Interest Period;

“**d_o**” means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“**i**” means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “**U.S. Government Securities Business Day “i”**”); and

“**n_i**” for any U.S. Government Securities Business Day “i”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

(ii) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR_i**” for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”;

“**SOFR Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified hereon;

“**d**” means the number of calendar days in the relevant SOFR Observation Period;

“**d_o**” means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

“**i**” means a series of whole numbers ascending from one to do, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a “**U.S. Government Securities Business Day “i”**”); and

“**n_i**” for any U.S. Government Securities Business Day “i”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

(iii) SOFR Payment Delay:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR_i**” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”;

“**Interest Payment Date**” shall be the number of Interest Payment Delay Days following each Interest Period Date; provided that the Interest Payment Date with respect to the final Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes prior to the Maturity Date, the relevant Optional Redemption Date;

“**Interest Payment Delay Days**” means the number of Business Days as specified hereon;

“**d**” means the number of calendar days in the relevant Interest Period;

“**d_o**” means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“**i**” means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “**U.S. Government Securities Business Day “i”**”); and

“**n_i**” for any U.S. Government Securities Business Day “i”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

For the purposes of calculating Compounded Daily SOFR with respect to the final Interest Period where SOFR Payment Delay is specified hereon, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant Optional Redemption Date, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

(iv) SOFR Lockout:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR_i**” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”, except that the SOFR for any U.S. Government Securities Business Day “i” in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date for such Interest Accrual Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

“**d**” means the number of calendar days in the relevant Interest Period;

“**d_o**” means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“**i**” means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “**U.S. Government Securities Business Day “i”**”); and

“**n_i**” for any U.S. Government Securities Business Day “**i**”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “**i**” up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(iii)(C)(x) and Condition 5(b)(iii)(C)(y):

“**Bloomberg Screen SOFRRATE Page**” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“**Reuters Page USDSOFR=**” means the Reuters page designated “USDSOFR=” or any successor page or service;

“**SOFR**” means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

- (i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator’s Website;
- (ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; or
- (iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(k) shall apply as specified hereon;

“**SOFR Rate Cut-Off Date**” means the date that is a number of U.S. Government Securities Business Days prior to the Interest Payment Date relating to the relevant Interest Period, the Maturity Date or the relevant Optional Redemption Date, as applicable, as specified hereon; and

“**SOFR Determination Time**” means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

- (y) If Compound SOFR Index (“**Compound SOFR Index**”) is specified as applicable hereon, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\frac{(SOFR\ Index\ End}{SOFR\ Index\ Start} - 1) \times \frac{(360}{d_c)}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR Index**” means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator’s Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, *provided that*:

- (a) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index” shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded Daily SOFR formula described above in Condition 5(b)(iii)(C)(y)(ii) “SOFR Observation Shift”, and the term “SOFR Observation Shift Days” shall mean two U.S. Government Securities Business Days; or
- (b) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(k) shall apply as specified hereon.

“**SOFR Index End**” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified hereon prior to the Interest Period Date for such Interest Period (or in the final Interest Period, the Maturity Date);

“**SOFR Index Start**” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified hereon prior to the first day of such Interest Period;

“**SOFR Index Determination Time**” means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

“**SOFR Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified hereon; and

“**d_c**” means the number of calendar days in the applicable SOFR Observation Period.

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(iii)(C):

“**SOFR Administrator’s Website**” means the website of the Federal Reserve Bank of New York, or any successor source;

“**SOFR Benchmark Replacement Date**” means the Benchmark Replacement Date with respect to the then-current SOFR Benchmark;

“**SOFR Benchmark Transition Event**” means the occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark; and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (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 by the Calculation Agent 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 (both before and after 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, Change of Control Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time 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, Change of Control 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, Change of Control 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 and the Noteholders and the Couponholders.
- (j) **Benchmark Discontinuation (General):** Other than in the case of a U.S. dollar-denominated Floating Rate Note for which the Reference Rate is specified in the relevant Pricing Supplement as being “SOFR”, if a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with this Condition 5(j)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 5(j)(iii)) and any Benchmark Amendments (in accordance with Condition 7(j)(iv)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agents or the Noteholders for any determination made by it pursuant to this Condition 5(j) and the Fiscal Agent will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof.

- (i) If (A) the Issuer is unable to appoint an Independent Adviser or (B) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(j) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to

the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 5(j)(i) (*Benchmark Discontinuation*) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of and to adjustment as provided on the first paragraph of this Condition 5(j).

- (ii) If the Issuer, following consultation with Independent Adviser determines in its discretion that:
 - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 5(j); or
 - (B) 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 Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 5(j).
- (iii) The Adjustment Spread or a formula or methodology for determining the Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).
- (iv) If any relevant Successor Rate, Alternative Rate and in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(j) and the Issuer, following consultation with the Independent Adviser, determines in its discretion (A) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (B) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 5(j)(v), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to these Conditions as may be required in order to give effect to this Condition 5(j), provided that the Fiscal Agent shall not be bound by or be obliged to give effect to such Benchmark Amendments, if in the reasonable opinion of the Fiscal Agent (acting in good faith and following consultation, to the extent practicable, with the Issuer), the same would not be operable in accordance with the terms proposed pursuant to this Condition 5(j) or would expose it to any additional duties or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or the Agency Agreement and/or any documents relating to the Notes to which it is a party in any way.
- (v) Any Successor Rate, Alternative Rate, Adjustment Spread, and in either case, the applicable Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(j) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 21 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (vi) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
 - (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) the applicable Adjustment Spread and the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(j); and

- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such relevant Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.
- (vii) The Successor Rate or Alternative Rate and the applicable 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 such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread and such Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent and Principal Paying Agent, the Calculation Agent, the other Paying Agents and the Noteholders.
- (k) **Benchmark Discontinuation (SOFR):** This Condition 5(k) shall only apply to U.S. dollar-denominated Floating Rate Note for which the Reference Rate is specified in the relevant Pricing Supplement as being “SOFR”. The following provisions shall apply if Benchmark Discontinuation (SOFR) is specified as applicable hereon:
- (i) *Benchmark Replacement* – If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.
- (ii) *Benchmark Replacement Conforming Changes* – In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, any of the Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Fiscal Agency Agreement and these Conditions as may be required to give effect to this Condition 5(k), provided that none of the Agents shall be bound by or be obliged to give effect to such Benchmark Replacement Conforming Changes, if in the reasonable opinion of the relevant Agent (acting in good faith and following consultation, to the extent practicable, with the Issuer), the same would not be operable in accordance with the terms proposed pursuant to this Condition 5(k) or would expose it to any additional duties or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or the Agency Agreement and/or any documents relating to the Notes to which it is a party in any way. Noteholders’ consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by any of the Agent (if required). Further, none of the Fiscal Agent, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.
- (iii) *Decisions and Determinations* – Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(k), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (A) will be conclusive and binding absent manifest error, (B) will be made in the sole discretion of the Issuer or its designee, as applicable, and (C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.
- (iv) The following defined terms shall have the meanings set out below for purpose of this Condition 5(k):
- “**Benchmark**” means, initially, the relevant SOFR Benchmark specified hereon; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with

respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then “**Benchmark**” means the applicable Benchmark Replacement;

“**Benchmark Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the sum of:
 - (x) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and
 - (y) the Benchmark Replacement Adjustment;
- (B) the sum of:
 - (x) the ISDA Fallback Rate; and
 - (y) the Benchmark Replacement Adjustment; or
- (C) the sum of:
 - (x) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and

(y) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (A) in the case of sub-paragraph (A) or (B) of the definition of “Benchmark Event”, the later of:
 - (x) the date of the public statement or publication of information referenced therein; and
 - (y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (B) in the case of sub-paragraph (C) of the definition of “Benchmark Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“designee” means a designee as selected and separately appointed by the Issuer in writing;

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“**Reference Time**” with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Simple SOFR Average or Compounded Daily SOFR is specified as applicable hereon) or SOFR Index Determination Time (where Compounded SOFR Index is specified as applicable hereon), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (1) **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 relevant Successor Rate or 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, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate, or if the Issuer determines that no such spread is customarily applied; or
- (iii) the Issuer, following consultation with the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the 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 Issuer following consultation with the Independent Adviser determines in accordance with Condition 5(j) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(j)(iv).

“**Benchmark Event**” means:

- (i) the relevant Reference Rate has ceased to be published for a period of at least of 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do; or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or
- (vi) it has become unlawful for the Calculation Agent, the Issuer, the Paying Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii) or (iv) above, the Benchmark Event shall occur on the date of the cessation of publication of the relevant Reference Rate, the discontinuation of the relevant Reference Rate, or the prohibition of use of the relevant Reference Rate, as the case may be, and not the date of the relevant public statement.

“**Business Day**” means:

- (i) in the case of Notes denominated in a currency other than euro or 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 Notes denominated in euro, a day on which T2 is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of Notes denominated in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
- (iv) in the case of Notes denominated in a currency and/or one or more Business Centres 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; and/or
- (v) in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Pricing Supplement, any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed.

“**Change of Control Redemption Amount**” means, in respect of any Note, 101 per cent. of the Early Redemption Amount;

“**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/365 (Sterling)**” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (v) 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;

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

- (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

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

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

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

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense under Condition 5(j).

“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 other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or SHIBOR; 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; or

- (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR; or
- (v) the day falling two Business Days in Shanghai prior to the first day of such Interest Period if the Specified Currency is Renminbi and the Reference Rate is SHIBOR; or
- (vi) (where SOFR Benchmark is specified hereon as the Reference Rate and where SOFR Lag, SOFR Observation Shift or SOFR Lockout is specified as applicable hereon to determine Compounded Daily SOFR or where Compounded SOFR Index is specified as applicable hereon) the third U.S. Government Securities Business Day prior to the last day of each Interest Period; or
- (vii) (where SOFR Benchmark is specified hereon as the Reference Rate and where SOFR Payment Delay is specified as applicable hereon to determine Compounded Daily SOFR) the Interest Period Date at the end of each Interest Period, provided that the Interest Determination Date with respect to the final Interest Period will be the U.S. Government Securities Business Day immediately following the relevant SOFR Rate Cut-Off Date;

“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 unless otherwise specified in the Pricing Supplement;

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

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

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

“Reference Banks” means, in the case of a determination of 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 and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, and in the case of a determination of SHIBOR, the principal Shanghai office of four major banks in the Shanghai 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 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 or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**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) or 11:15 a.m. (Hong Kong time, in the case of a determination of CNH HIBOR) or 11:15 a.m. (Beijing time, in the case of a determination of SHIBOR); and

“**Successor Rate**” means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system.

- (k) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for it or 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, Change of Control 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 financial institution 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 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 and/or a formula, upon redemption of such Note pursuant to Conditions 6(c), (d) or (e) 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 Conditions 6(c), (d) or (e) 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 Conditions 6(c), (d) or (e) 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 a Tax Jurisdiction, 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 Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by a director 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 specified in the Pricing Supplement (which may be the Early Redemption Amount (as described in Condition 6(b) above) 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 specified in the Pricing Supplement (which may be the Early Redemption Amount (as described in Condition 6(b) above) 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 (an "**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) **Redemption upon Change of Control:** At any time following the occurrence of a Change of Control (as defined below), the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Put Settlement Date (as defined below) at the Change of Control Redemption Amount, together with accrued interest up to but excluding such Put Settlement Date.

To exercise such right, the holder of this Note must, if this Note is in definitive form and held outside Euroclear, Clearstream and the CMU, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 14, a duly completed and signed notice of redemption in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (the "**Put Exercise Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition. If this Note is in definitive bearer form, the Put Exercise Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Exercise Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream or the CMU, to exercise the right to require redemption of this Note, the holder of this Note must, within the notice period, give notice to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes)

of such exercise in accordance with the standard procedures of Euroclear and Clearstream or the CMU (which may include notice being given on his instruction by Euroclear or Clearstream or the CMU or any common depository, as the case may be, for them to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means or notice being given to the CMU Lodging Agent) in a form acceptable to Euroclear and Clearstream or the CMU and the CMU Lodging Agent, as the case may be, from time to time and, if this Note is represented by a Global Note held through Euroclear or Clearstream, at the same time present or procure the presentation of the relevant Global Note to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly.

A Put Exercise Notice once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date (as defined below).

The Issuer shall give notice to Noteholders in accordance with Condition 14 and to the Fiscal Agent by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of this Note pursuant to this Condition 6(f) and shall give brief details of the Change of Control.

The Agents shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be responsible or liable to the Noteholders or the Issuer for any loss arising from any failure to do so.

In this Condition 6:

a “**Change of Control**” occurs when: (i) the Controlling Person (as defined below) and any other person Controlled by the Controlling Person, together cease to be the largest holder of the issued share capital of the Issuer; or (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other person or persons, acting together, except where such person(s) is/are Controlled (as defined below), directly or indirectly, by the Controlling Person, or the consolidation, merger, sale or transfer will not result in any other person or persons acquiring Control over the Issuer;

“**Control**” means (where applicable): (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a person or (ii) the nomination or designation of no less than 50 per cent. of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person. For the avoidance of doubt, a person is deemed to Control another person so long as it fulfils one of the three foregoing requirements and the terms “**Controlling**” and “**Controlled**” have meaning correlative to the foregoing;

“**Controlling Person**” means Haitong Securities Co., Ltd. or any successor entity;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity) but does not include:

- (i) the Issuer’s board of directors or any other governing board; and
- (ii) the Issuer’s wholly-owned direct or indirect subsidiaries; and

a “**Put Settlement Date**” shall be the fourteenth day or, if such day is not a business day, the next following business day after the expiry of such period of 30 days as referred in Condition 6(f) above.

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition).

- (g) **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(g) and the provisions specified in the Pricing Supplement.
- (h) **Purchases:** The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries 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 Notes denominated in a currency other than Renminbi by transfer to an account denominated in such currency with a Bank; and
 - (ii) in the case of Notes denominated in 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 T2.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their distribution 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 Notes denominated in Renminbi) and fifteenth (in the case of Notes denominated in 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 by transfer to the registered account of the Noteholder.

In this Condition 7(b)(ii), “**registered account**” means the account in the relevant currency maintained by or on behalf of the Noteholder with a Bank, 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 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 in the place of payment, but without prejudice to the provisions of Condition 8 and any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the CMU Lodging Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, and (vi) such other agents as may be required by any stock exchange on which the Notes may be listed.

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 Condition 7(c) above.

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

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes), the Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Change of Control 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, Dual Currency Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), “**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 in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment in Bermuda; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon or where the withholding or deduction could be avoided by such holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day.

In this Condition:

“**Tax Jurisdiction**” means Bermuda, the PRC, Hong Kong or any political subdivision or any authority thereof or therein having power to tax;

“**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 in accordance with Condition 14 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; and

References 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, Change of Control Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it and (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.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amount are payable or the amount thereof and shall not be responsible or liable for any failure by the Issuer or any Noteholder to pay such tax, duty, charges, withholding or other payment.

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 premium) 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 (other than the occurrence of an Event of Default described in clause (d) or (e) below in which case the Notes of each Series are immediately repayable, whereupon the Early Redemption Amount of such Notes together with (if applicable) accrued interest to the date of payment shall become immediately due and payable), the holder(s) of at least 10% in aggregate principal amount of the Notes of any Series then outstanding may give written notice or an Extraordinary Resolution to the Fiscal Agent at its specified office that such Notes are immediately repayable, whereupon the Early Redemption Amount of such Notes together with (if applicable) 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, in the case of interest only, such default continues for a period of more than five days; 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 (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:** if (i) the Issuer or any of its Subsidiaries shall default in making any payment in respect of any Indebtedness for Borrowed Money when due or, if applicable, within any period of grace provided in respect thereof; or (ii) the Issuer or any of its Subsidiaries shall fail to honour when due and called upon any guarantee and/or indemnity of any Indebtedness for Borrowed Money; or (iii) any security given by the Issuer or any of its Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) any Indebtedness for Borrowed Money of the Issuer or any of its Subsidiaries shall become (or shall become capable of being declared) due and payable prior to its specified maturity by reason of any actual or potential default or event of default or the like (howsoever described), provided that no event described in this paragraph 10(c) shall constitute an Event of Default if the aggregate amount of the relevant amount of Indebtedness for Borrowed Money, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph 10(c) have occurred is less than HK\$500,000,000 or such other amount as may be specified in the applicable Pricing Supplement or the equivalent thereof in another currency or currencies; or
- (d) **Winding-up:** an order of any 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 Material Subsidiaries (except for a member’s voluntary solvent winding-up of any of its Material Subsidiaries), or the Issuer or any of its Material Subsidiaries 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 an amalgamation, reorganisation or restructuring the terms of which have previously been approved by an Extraordinary Resolution of Noteholders and (ii) in the case of a Material Subsidiary, whereby all or substantially all of the assets subsisting immediately prior to an amalgamation, reorganisation or restructuring of such Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries); or
- (e) **Insolvency:** if (i) the Issuer or, as the case may be, any of its Material Subsidiaries becomes (deemed by law or a court to be) insolvent or bankrupt or is unable to pay its debts as they fall due, (ii) the Issuer or, as the case may be, any of its Material Subsidiaries stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, (iii) the Issuer or, as the case may be, any of its Material Subsidiaries proposes or makes any agreement for the

deferral, rescheduling or other readjustment of all or any part of its debts (which if no such agreement had been made would have resulted in it being 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 (iv) a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of its Material Subsidiaries; or

- (f) **Security Enforced:** a secured party takes possession, or a receiver, administrative receiver, administrator, 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 of its Material Subsidiaries and shall not be discharged within 30 days of being enforced; or
- (g) **Enforcement Proceedings:** if a distress, attachment, execution, any seizure before judgment or other legal process shall be sued out, levied, or enforced upon or against a material part of the property, assets, revenues or undertaking of the Issuer or, as the case may be, any of its Material Subsidiaries and shall not be stayed or discharged within 30 days of being sued out, levied or 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 Deed of Covenant; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes and the Deed of Covenant admissible in evidence in the courts of England or Bermuda is not taken, fulfilled or done; or
- (i) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Material Subsidiaries, provided that the value of the assets subject to the seizure, compulsory acquisition or expropriation, individually or in the aggregate, exceeds 50 per cent. of the total assets of the Group (as defined below); or
- (j) **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
- (k) **Analogous Events:** any event occurs which under the laws of Bermuda or any other relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing.

In these Conditions,

“**Group**” means the Issuer and its Subsidiaries.

“**Indebtedness for Borrowed Money**” means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities.

“**Material Subsidiary**” means any Subsidiary of the Issuer, whose total amount of gross assets or revenue (excluding intra-group items) represents 5 per cent. or more of the gross assets or revenue of the Group (as defined below) calculated on a consolidated basis, as determined by reference to the latest audited consolidated financial statements of that Subsidiary (consolidated in the case of a Subsidiary which itself has Subsidiaries) and the latest audited consolidated financial statements of the Group, or determined by reference to the most recent compliance certificate delivered by the Issuer certifying its Material Subsidiaries.

The Agents shall not be required to take any steps to ascertain whether any Events of Default or any event which could lead to the occurrence of any Events of Defaults has occurred and shall not be responsible or liable to the Noteholders, the Issuer or any other person for any loss arising from any failure to do so.

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 (or any Noteholder for the purposes of the first paragraph of Condition 10). 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, the Change of Control 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.

(b) **Modification:** The Issuer may not agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of the Notes, the Receipts, the Coupons or the Agency Agreement except for:

- (i) any modification of the Agency Agreement which is not inconsistent with the Conditions and not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provision of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 forthwith thereafter.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate nominal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

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 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 (except for the first payment of interest and save that, for the avoidance of doubt, references in these Conditions 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 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.

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:**
 - (i) Subject to Condition 17(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, the Receipts, the Coupons and/or Talons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts, the Coupons and/or the Talons (a “**Dispute**”) and accordingly the Issuer submits to the exclusive jurisdiction of the English courts.
 - (ii) For the purposes of this Condition 17, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
 - (iii) To the extent allowed by law, the holders of Notes, Receipts, Coupons and Talons may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.
- (c) **Service of Process:** The Issuer irrevocably appoints Haitong International (UK) Limited of 8 Finsbury Circus, London, EC2M 7EA, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Dispute in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

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 Depositary for Euroclear and Clearstream or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream (the “**Common Depositary**”) or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream or (ii) the Hong Kong Monetary Authority as operator of the CMU and delivery of the relative Global Certificate to the Common Depositary or the sub-custodian for 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 Depositary 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 (“**Alternative Clearing System**”) may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream or any Alternative Clearing System as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative 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 Alternative 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 Certificate 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

Temporary Global Notes

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

- (i) 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, please see “*Summary of the Programme – Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) 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 (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging Agent by the CMU) have so certified.

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

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” below, in part for Definitive Notes: (i) if the permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or 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 (ii) 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 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.

Global Certificates

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, 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 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 upon or following any failure to pay principal in respect of any Notes when it is due and payable, provided that, in the case of the first transfer of part of a holding, 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.

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 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.

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 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, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes, Global Certificates 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 in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. 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.

Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging Agent) is located and in the city in which the relevant clearing system is located.

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:

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 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. All payments in respect of Notes represented by a Global Note (except with respect to a 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 as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(f)(vi) and Condition 8(e) will apply to the Definitive Notes only.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) 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 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.

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).

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 of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholders holding, whether or not represented by a Global Certificate.

Cancellation

Cancellation of any Note represented by a permanent Global Note 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 its presentation to or to the order of the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging Agent) for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

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

Issuer's Option

Any option of early redemption 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 the serial numbers of Notes drawn in the case 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 Alternative Clearing System (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised and the option may be exercised in respect of the whole or any part of the permanent Global Note, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging Agent), for notation. Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Global Certificate may be exercised in respect of the whole or any part of the holding Notes represented by the Global Certificate.

Event 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 (which is subject to a minimum threshold of 10 per cent. of the aggregate principal amount of the Notes of the same Series then outstanding other than a "winding-up" or "insolvency" event) 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 Conditions) 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.

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 Alternative 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. 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 holders in respect of them.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be used for the Issuer's working capital and general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Issuer's consolidated capitalisation and indebtedness as at 31 December 2022 on an actual basis. The following table should be read in conjunction with the Issuer's audited consolidated financial statements and related notes thereto incorporated by reference in this Offering Circular.

| | As at 31 December 2022 | |
|--|------------------------|--------------|
| | Actual | Actual |
| | (HK\$'000) | (U.S.\$'000) |
| | (audited) | (translated) |
| Cash and cash equivalents⁽¹⁾ | 5,002,861 | 641,269 |
| Short-term borrowings⁽²⁾ | | |
| Non-convertible bonds | 3,116,062 | 399,418 |
| Non-convertible notes | 3,220,405 | 412,793 |
| Long-term borrowings⁽²⁾ | | |
| Non-convertible bonds | 10,884,538 | 1,395,185 |
| Bank borrowings | | |
| Secured | 184,630 | 23,666 |
| Unsecured | 29,654,013 | 3,801,066 |
| Total borrowings | 47,059,648 | 6,032,128 |
| Equity | | |
| Shareholders' Funds | 20,688,808 | 2,651,901 |
| Total shareholders' equity⁽¹⁾⁽³⁾ | 20,688,808 | 2,651,901 |
| Total capitalisation⁽⁴⁾ | 31,573,346 | 4,047,087 |

Notes:

- (1) 1,796,460,483 rights shares were issued under the Issuer's rights issue in June 2023. The gross proceeds from the rights issue amounted to approximately HK\$1,167,699,300 and the net proceeds from the rights issue, after deducting all related expenses for the right issue, are expected to be approximately HK\$1.16 billion.
- (2) The total borrowings are affected by borrowings and debt financing activities of the Group incurred after 31 December 2022, mainly including borrowings under a revolving loan facility in an amount up to HK\$16,000,000,000 obtained by the Issuer on 24 February 2023 and the U.S.\$200 million subordinated perpetual securities issued by the Issuer on 21 March 2023.
- (3) Total shareholders' equity includes share capital, reserves and proposed dividend.
- (4) Total capitalisation equals to total long-term borrowings plus total shareholders' equity.
- (5) The translation of HK dollar amounts into U.S. dollar amounts has been made at the rate of HK\$7.8015 to U.S.\$1.00 (the noon buying rate in New York City on 30 December 2022 (because 31 December 2022, the last day of the year 2021, is a Saturday in the United States) as set forth in the weekly H.10 statistical release of the Board of Governors of the Federal Reserve System).

Except as otherwise disclosed above, there has been no material adverse change in the Group's consolidated capitalisation and indebtedness since 31 December 2022.

DESCRIPTION OF THE GROUP

OVERVIEW

The Issuer is an international financial institution incorporated in Bermuda with a rapidly expanding network across the world. It is a subsidiary of Haitong International Holdings, a company incorporated in Hong Kong and wholly owned by Haitong Securities. The Issuer strives to serve as a bridge linking up the PRC and overseas capital markets.

As at the date of this Offering Circular, the Issuer is well-positioned to serve corporate, institutional, as well as high-net-worth clients worldwide. Its well-established financial services platform provides a full spectrum of financial offerings including wealth management, corporate finance, asset management, global markets and investment businesses. The Issuer possesses a sound risk management system that is in line with international standards. It has been given a “BBB” long-term credit rating by S&P.

The Issuer has a global financial servicing network covering the world’s major financial markets, including Hong Kong, Singapore, New York, London, Tokyo, Sydney and Mumbai, thereby making it to be a world-class Chinese financial institution with international competitiveness, systematic importance and brand influence.

The Group’s principal business segments include:

- Wealth Management Provides financial advisory services and customised investment solutions to satisfy the specific financial needs of high net worth clients. This segment offers a broad range of products and services including securities, futures and options contracts, over the counter products, funds, discretionary account management services, securities custodian services, and securities margin financing.
- Corporate Finance Engages in provision of sponsoring and underwriting services to corporate clients for their fundraising activities in equity and debt capital markets, and also engages in provision of financial advisory service for corporate actions such as mergers and acquisitions. In addition, this segment also provides financing solutions to the corporate clients and distributes these assets in the secondary market.
- Asset Management Engages in provision of investment management services on diversified and comprehensive investment products, including public funds, private funds and mandatory provident funds to individual, corporate and institutional clients.
- Global Markets Provides a vast range of financial services to a diverse group of institutional clients, such as investment funds, sovereign funds, insurance companies and financial institutions, globally. This segment offers sales and trading of both equity and fixed income products, prime brokerage and risk management solutions, and research advisory. This segment is supported by the award-winning equity research team that specialises in listed equities in Asian financial markets.
- Investment Invests in various instruments and holds majority of investment securities (measured at amortised cost and at fair value) of the Group. Investments held by this segment include primarily investment funds, listed and unlisted debt and equities, alternative investments (such as real estate investments through investment funds and subsidiaries) and private equities. This segment aims at acquiring investments that generate a reasonable yield while maintaining a robust risk management mechanism.

The Group has established prudent corporate governance and multi-layered risk management and internal control systems to reduce its exposure to credit, operational, liquidity and market risks in the securities and financial services industry.

The Group's comprehensive and high-quality products and services have been widely recognised by the financial services industry, and the Group has received numerous honours and awards in 2022, including, among others:

- The Asset Triple A Sustainable Capital Markets Country & Regional Awards: China Offshore Best Sustainability Bond – NBFI and China Offshore Best Sustainability Bond – Real Estate;
- MPF Ratings MPF Awards: MPF Ratings – Silver, 5 Years Consistent Performer – Equity (Global), 1 Year Consistent Performer – Core Accumulation Fund and 1 Year Consistent Performer – Age 65 Plus Fund;
- HKEX: Top Issuer – Turnover;
- HKCAMA-Bloomberg China Offshore Fund Awards: Best Total Return – Greater China Fixed Income 5 Year – 2nd Runner-up;
- HKEX: Model of Chinese Brokerage;
- FinanceAsia Country Awards: Best ECM House – Domestic – Hong Kong;
- Insights and Mandate Professional Investment Awards: Performance Award – Global Equity (5 Years)/Global Equity (10 Years), Market Awards – Hong Kong: Most Innovative Product (ETF); Regional Awards: Best New Product (ETF) and Sustainable Investment Awards: ESG Fund of the Year (ETF);
- Refinitiv Lipper Fund Awards and Hong Kong Pension Funds Awards: Equity Global 3 Years, Equity Global 5 Years, Equity Hong Kong 3 Years, Equity Hong Kong 5 Years, Equity Hong Kong 10 Years, Mixed Asset HKD Balanced 3 Years and Mixed Asset HKD Conservative 3 Years;
- Asiamoney Best Securities Houses Awards: Best Securities House – Hong Kong;
- Bloomberg Businessweek Financial Institutions Awards: High Net Worth (Product/Service) – Excellence;
- Euromoney Market Leaders Rating: Hong Kong – Investment Banking (Highly Regarded) and Hong Kong – ESG (Highly Regarded);
- IESGB ESG Achievement Awards: Special ESG Awards and Outstanding ESG Performer of the Year (Listed Company) Platinum Award;
- The Asset Triple A Sustainable Investing Awards: Most innovative ETF – Europe;
- Asiamoney Brokers' Poll: 1st ranking, Best Regional Brokerages for Sales Trading (Asia ex Australia & Japan) and 16 categories;
- Bloomberg Businessweek ESG Leading Enterprise Awards: Theme Awards – ESG Investing;
- HR Asia: Best Companies to Work for in Asia (Hong Kong);
- CHKLC & HKBU – CCGFP Hong Kong Corporate Governance and ESG Excellence Awards: Awards of Excellence in Corporate Governance (Honourable Mention); and
- HKQAA Hong Kong Green and Sustainable Finance Awards: Outstanding Award for Green and Sustainable Bond Lead Manager (Local State-owned Enterprises) – Largest Amount of Green and Sustainable Bonds and Pioneering Organisation in ESG Disclosure Enhancement.

As at 31 December 2020, 2021 and 2022, the Group had total assets of HK\$146,442.5 million, HK\$104,991.6 million and HK\$89,097.2 million (U.S.\$11,420.5 million), respectively, and total shareholders' equity of HK\$28,317.2 million, HK\$27,526.4 million and HK\$20,688.8 million (U.S.\$2,651.9 million), respectively. For the years ended 31 December 2020 and 2021, the Group's total revenue was HK\$8,329.7 million and HK\$5,252.2 million, respectively, and its net profit was HK\$1,932.9 million and HK\$300.8 million, respectively. For the year ended 31 December 2022, the Group recorded negative revenue of HK\$1,390.5 million (U.S.\$178.2 million) and net loss of HK\$6,540.5 million (U.S.\$838.4 million).

Competitive Strengths

The Group believes that the following represent the Group's key strengths:

Well-established international platform, strong brand recognition and continuous support from Haitong Securities

The Group's comprehensive and high-quality products and services have been widely recognised by numerous international and local awards. Currently, there are only a small number of PRC securities firms which have listed business platforms and branch networks in Hong Kong, among which the Group has the longest operating history, with the most extensive distribution network in Hong Kong. The Group's full-service business platform and its overseas customer base and extensive network have allowed the Group to be in a better position to capture increasing cross-border business and to meet increasingly changing customer demands.

Haitong Securities is one of the largest securities companies in the PRC. As one of the overseas business platforms of Haitong Securities, the Group continuously receives supports from its parent company on business expansion, client referral and cross selling opportunities. PRC customers of Haitong Securities are able to utilise the international platform provided by the Group, while international customers can leverage Haitong Securities' extensive network in the PRC and its leading market positions across multiple business lines.

Diversified and integrated business platform with extensive product offering and quality customer service

The Group has a well-balanced business structure with diverse revenue sources. The Group offers diversified products and premium services to enhance customer loyalty and distinguish itself from those low-price-oriented competitors, in particular:

- the Group is an equity house in Hong Kong with an extensive branch network and professional sales and marketing teams providing diversified products and comprehensive services.
- the Group is a leader in corporate finance business. In 2022, the Group ranked third among all financial institutions in terms of number of projects (including IPOs, secondary placings, and rights issues) in the Hong Kong markets.
- the Group has served in the role of sole or joint bookrunners, sole or joint sponsors and sole or joint global coordinators in 20 IPO projects in 2022, 39 IPO projects in 2021 and 51 IPO projects in 2020. Particularly, in 2022, the Group completed the Special Purpose Acquisition Company ("SPAC") IPO deal for Keyarch Acquisition Corporation listed on the Nasdaq stock market, which makes the Issuer the first among Chinese investment banks to conduct SPAC underwriting with its U.S. entity. In 2021, the Group participated in several blockbuster IPOs, including JD Logistics with fund raised in the amount of U.S.\$3.64 billion, Medlive with fund raised in the amount of U.S.\$624 million, Gushengtang with fund raised in the amount of U.S.\$104 million and SenseTime with fund raised in the amount of U.S.\$850 million. The Group also ranked third in 2022 among global financial institutions in the Asia (ex-Japan) G3 high-yield corporate bond market by number of deals.
- in 2018, the Group has completed the purchase of entire share capitals of Haitong UK and Haitong USA from Haitong Bank to further consolidate its licenses and businesses to identify more new customers for the positive development of overseas market. The acquisition has perceptualised the Group's capability to provide professional financial services to global investors. With enhanced overall operating capacities, the Group believes that it has created synergies among its different business lines which are well-positioned to enjoy healthy and stable growth under various economic conditions.

Advanced capability in global markets execution with a strong global financial service network

The Group demonstrates its advanced global market execution expertise with a global financial service network. After years of hard work, the Group has established a full cycle of trading, research, and sales platform for institutional clients worldwide that is able to provide comprehensive products and risk management solutions. Currently, the Issuer operates in many major international capital markets, including in Hong Kong, Singapore, New York, London, Tokyo, Sydney and Mumbai. In 2014, the Group expanded to Singapore by setting up a subsidiary Haitong International Securities Group (Singapore) Pte. Ltd. (“**Haitong International (Singapore)**”). In 2016, the Group further expanded its network to Mumbai, India by completing the acquisition of Haitong India. In 2018, the Group’s acquisition of Haitong USA and Haitong UK heralded a new chapter of its global presence. In 2018, the London subsidiary of the Issuer became one of the first London Stock Exchange member firms who are designated brokers for the Shanghai-London Stock Connect between the Shanghai Stock Exchange and the London Stock Exchange. The New York subsidiary of the Issuer received the Nasdaq membership qualification and the approval from Financial Industry Regulatory Authority (FINRA) of the U.S. for participation in investment banking activities and became the first Chinese market maker on Nasdaq in 2018. In February 2020, the Issuer has become the first Chinese securities firm to obtain an Australian Financial Services Licence (AFSL) from the Australian Securities and Investments Commission through direct application. In March 2021, the Singapore office successfully obtained the Securities and Derivatives Clearing Membership from the SGX and became a depository agent of The Central Depository (Pte) Limited, being the first Chinese non-bank financial institution with a full suite of memberships with SGX. In November 2021, the Mumbai office completed the IPO project for the first pure play analytics company listing in India’s stock market and completed another four equity financing projects. In 2021, the New York subsidiary of the Issuer completed five US equity financing projects including four IPOs and one equity follow-on. In September 2021, the London subsidiary of the Issuer participated in the world’s first ESG focused Asia ex-Japan high yield corporate USD bond ETF (TAHY). In the Asiamoney Brokers Poll 2021, the Group’s Tokyo equity research team ranked No. 2 for the Best International Brokerages category, and topped the list in eight further categories covering Small/Mid-Caps, Consumer, Real Estate, Software and Internet, etc. In 2022, the London subsidiary of the Issuer actively participated in the Global Depository Receipts (“**GDR**”) business and completed four European GDR projects, including Ming Yang Smart Energy listed on the London Stock Exchange and Gotion Hi-Tech, Lepu Medical and Ningbo Shanshan listed on the Swiss Stock Exchange. The Group has also completed the SPAC IPO deal for Keyarch Acquisition Corporation listed on the Nasdaq stock market in 2022, which makes the Issuer the first among Chinese investment banks to conduct SPAC underwriting with its U.S. entity.

With these branches and networks, the Issuer forms a financial service network centring New York, London, Singapore and Hong Kong and expanding to major Asia-Pacific capital markets such as Tokyo, Mumbai and Sydney and possesses a global investment banking, investment, transaction execution and operating capabilities. As at 31 December 2022, the Group has 996 staff members globally, with 130 in Mainland China; 746 in Hong Kong; 26 in Singapore; 45 in Mumbai; 13 in Tokyo; two in Sydney; 14 in London and 20 in New York.

The Group has been able to benefit from a diversified customer base, covering local and global investors, as well as customer referrals from Haitong Securities in the PRC. The Issuer successfully built up an infrastructure as a full-service investment banking services provider based on the demands of three categories of clients: corporate, institutional and high-net-worth clients and witnessed fast growth in all business segments.

The Issuer transferred its wealth management business for high-net-worth professional investors by establishing an all-new Private Wealth Management Department in October 2017 and operating a Private Wealth Management Centre in February 2018 to provide high net-worth customers and professional investors with top-notch investment solutions so as to maximise returns. In 2020, the Issuer set up a veteran private wealth management crew. The Group’s private wealth management business focuses on transforming from the traditional retail business to private banking. In August 2021, realising the advantageous position of the Group’s Singapore office and a clear client niche, the Group has set up its own global family office business for the ultra-high net worth clients and external asset managers, to satisfy clients’ financing and investment needs throughout their various stages of development, nourishing their family wealth. In 2022, the Group’s private wealth management team also enhanced its investment advisory services by organising regular Chief Investment Officer online seminars to share global market trends and investment insights, supporting clients to grasp investment opportunities in a timely manner, as well as increasing client stickiness and business communication. In 2022, the team was again awarded the High Net Worth Individual (Service/Product) Excellence Award by Bloomberg Businessweek.

Besides traditional products such as securities and futures, the Group also provides an array of wealth management products including fixed income, structured products, funds, leveraged investment and financing solutions for high-net-worth professional investors. To further address clients' demand of global investment, the Issuer upgraded its U.S. stock trading platform in December 2018, which enables clients to trade U.S. stocks, HK stocks and A shares and share the facility of margin financing in a consolidated account.

A pioneer in product innovation to capture growing cross-border business opportunities

The Group is a pioneer in cross-border RMB business and has been able to capture various business opportunities from financial market reforms, such as RMB internationalisation, exchange rate reform, interest rate liberalisation and capital accounts liberalisation. In September 2021, the Group's asset management team partnered with a British asset manager to launch the world's first ESG focused Asia ex Japan high yield corporate USD bond ETF. This ESG ETF was also the Group's first listed fund in Europe and first UCITS bond fund. Since its debut, the fund was well-sought after by global institutional investors and the fund size has since grown rapidly. By the end of 2021, the size of the fund exceeded U.S.\$200 million, eight times larger than its debut. In the China and Hong Kong cross-border business spectrum, the Haitong Asian High Yield Bond Fund was successfully included to the Mutual Recognition of Funds (Northbound) in USD class, allowing domestic residents in Mainland China to allocate their investment in US dollar denominated assets.

In 2022, the Group made a breakthrough in its cross-border total return swap business and opened up a collaborative trading channel with its parent company Haitong Securities which further satisfied the cross-border investment needs of institutional clients. The Group's equity research team continuously consolidated its cross-border research platform and enhanced research capabilities. For the year ended 31 December 2022, over 1,600 stocks across the world were included in its research portfolio covering the Greater China Region, Japan, the United States, India, South Korea and others with professional, in-depth, timely and internationally focused research and advisory services delivered to clients. In recognition of its accomplishments, 17 awards, in overall and individual categories, were granted to the Group in Asiamoney Brokers Poll 2022.

Advanced digital and smart operation capabilities, prudent corporate governance and multi-layered risk management and internal control systems

The Group is dedicated to developing an all-rounded global operational capability. In 2018, the Group upgraded its operational and management system, building an overseas business global operational centre based in Hong Kong. Boasting its Central Database Management System (CDMS), the Group realised central management of global business data. By setting up an innovative trading system facilitates, the interconnection of trading among Asian Pacific, European and U.S. markets is achieved. Business information around the world can therefore be processed and managed centrally and effectively. In addition, the Group upgraded its U.S. trading platform, enabling users to trade US stocks, HK stocks and A shares in a consolidated account and share one margin financing facility. With advanced IT infrastructure in place, the Group strives to provide staunch security for its customers and products in the future. In recognising the Group's IT infrastructure, the Group received various awards on IT governance and quality assurance.

The Group has also adopted stringent risk management policies and monitoring systems to contain exposure associated with credit, liquidity, market, operation, legal and compliance, technology and reputation in all major operations. The Group proactively kept all kinds of risks at bay with a prudent approach and weathered all challenges in the market. A comprehensive and stringent risk management framework in line with the international practices was established in the Group as the basis for risk management. The Group has maintained a standing of a "BBB" rating from S&P. The Group maintains high-standard and well-balanced corporate governance practices, which have been evidenced by excellent corporate governance awards.

Experienced management team with a highly proficient professional workforce

The Group's senior management are comprised of industry leaders and top talents with ample of industry experiences and financial market acumen, laying solid foundations for the Group's internationalisation strategy and execution. The Group's senior management members had served reputable Chinese and foreign financial institutions, as well as actively assumed a number of public office roles and served as adjunct professors in institutes of higher education, making great contributions to the development of the Hong Kong financial market and nourishing financial talents.

The Group views employees as an invaluable asset and is committed to promote continuous learning and developing environment. The Group provides a comprehensive range of staff training and development programs, including extensive professional training for licensed persons; training sponsorship scheme to encourage staff to seek self-development through attending job-related external training courses; financial assistance provision to acquire professional qualification; and offering various compliance training courses. The Group has been running Management Trainee Development Scheme to nurture talents and meet the growing demand at home and abroad. In 2022, the Group expanded its Summer Internship Program, giving undergraduates (especially penultimate-year students) on-the-job training and exposures in the financial industries. The Group also provides well-rounded ESG training to apply its ESG philosophy into various aspects of its businesses and operations.

Business Strategies

The Group aims to become a leading financial institution with international competitiveness, systemic importance and brand influence by pursuing the following strategies:

Diversify income streams, asset risks and product offering to maintain market-leading position

Adhering to its development direction to diversify income streams, asset risks and product offering with professional talents on board, the Group continues to aim to strictly control its leverage ratio, broaden its income streams, and improve income quality with total assets maintained at a stable level to achieve a growth of income and profit while risks are mitigated and returns on asset are boosted significantly.

The Group continues to support a steady and robust development of all core businesses, striving to be one of the best information, transactional and capital intermediaries. The Group will keep a clear head to carry out responsive actions and strategic plans in an objective, prudent, and forward-looking mindset. The Group will operate in a stable business model, maintain a "stable to prudent" risk appetite, adhere to its commitment on "reducing risk by lowering leverage" principles to make judgements, capture opportunities, respond to market changes and challenges. The Group will continue to pursue on its commitment to develop a diversified and strong fee based business platform, unite all businesses to act as a whole, create synergies among investment banking, asset management, private wealth management and global markets, to become an integrated, well-rounded investment bank.

In 2023, the Group intends to continue to follow the "One Haitong" philosophy, bolster business collaboration with Haitong Securities, grasp the market opportunities of connectivity, enhance the strengths of investment banking business and drive the development of global market, asset management and private wealth management business. The Group will continue to strengthen its risk management and optimise asset structure, enhance efficiency and cost control, and implement ESG strategy.

Attract professional talents to join the Group

The Group treasures its employees as the valuable resource to support the Group in building a sound and sustainable platform. Throughout the years, the Group has allocated and will continue to allocate a large amount of resources to attract potential graduates and experienced professionals. The Group will also continuously provide professional trainings and well-developed staff promotion mechanism and incentive schemes that align with the industry practices. The Group will continue to invest in human resources and strengthen the acquisition and cultivation of talents, with the aim of building a professional team to match the Group's strategic development objectives.

Achieve ESG integration and become an industry leader in sustainable finance

To take into account its special role as an intermediary in financing, advisory and research activities, the Group has always integrated environmental, social and corporate governance concepts into different aspects of its business operations, and is committed to promoting ESG and sustainable finance with an aim to become a leading international green investment bank. In 2022, the Issuer was included in the FTSE4Good Index by FTSE Russell, a global indexing arm of the London Stock Exchange, and was reaffirmed by MSCI with an A rating for ESG, placing it at the forefront among the leaders in the industry.

In 2022, the Group participated in the issuance of 24 green and sustainable bond projects with a total financing amount exceeding U.S.\$8 billion. Many of these green bond projects were highly regarded and recognised by the market for their innovations in green financing framework design and mode of issuance, which helped issuers develop in a green and sustainable manner. The Group's equity research team has also consolidated a number of globally accepted ESG rating systems to score the ESG performance of all covered listed companies and included the results in the first page of the research report, providing investors with ESG investment reference guidelines.

Enhance business stability and profitability

The Group will fully utilise its experience gained to stride on the path of higher stability and profitability.

In terms of the wealth management business, the Group's private wealth management team launched new offerings, such as external asset management services ("**EAM**"), to acquire top-tier client assets and enrich over-the-counter product offerings in 2022. Leveraging the Group's leading position in the investment banking sphere, the Group's private wealth management team also partnered with the investment banking team to attract new entrepreneurial clients. To enhance client experience, the team jointly organised an investment strategy forum with the asset management team and published reports relating to hot themes in the market. The team also completed phase one of the deployment of a new wealth management system in collaboration with Avaloq, a leading wealth management system provider, to offer high-net-worth and entrepreneurial clients access to brand-new private wealth management experience.

In terms of the corporate finance business, the Group's equity capital markets ("**ECM**") team completed 30 equity financing underwriting projects (including IPOs, secondary placings, and rights issues), ranked third among all financial institutions in terms of the number of projects in the Hong Kong markets. Leveraging on the Group's global network, the Group's ECM team completed its first SPAC IPO listing in the United States. The Group completed 173 bond issuance projects and expanded its capability as a financial advisor on debt restructuring, with the Group's debt capital markets ("**DCM**") team completing 19 debt restructuring projects. The Group's DCM team also completed 24 green and sustainable bond issuances with a total financing amount of U.S.\$8.2 billion for the year ended 31 December 2022. The Group's merger and acquisitions team completed three projects and is in the process of executing a number of projects with an expected transaction amount of over U.S.\$12.5 billion for the year ended 31 December 2022. The Group's loan capital markets ("**LCM**") team also completed a number of projects, set up a financial institution group, and successfully completed a structured finance project that amounted to U.S.\$250 million for the year ended 31 December 2022. The Group's LCM team, through participating in the early stages of equity financing projects, created synergies with other teams within the segment and provided an array of investment banking services.

In terms of the asset management business, the Group's asset management team launched new products such as Haitong Spark Global Multi-Asset Fund S.P. and SPAC investment fund to meet the investment demand of high-net-worth clients in 2022, and also promoted cross-selling activities with the private wealth management segment. The Group's asset management team also reviewed funds under its management and redeployed resources for new investment funds. The team has also expanded its investment research capabilities and jointly organised an investment strategy forum with the Group's private wealth management team.

In terms of the global markets business, the Group's cash equities sales and trading team and equity research team combined to provide one-stop services to institutional customers while expanding the Group's market shares in both the Hong Kong stock market and the China-Hong Kong Stock Connect. In 2022, the Group's fixed income sales and trading team completed its transformation, and upgraded its fixed income business to sales and trading of fixed income securities and fixed income products in both primary and secondary markets. Prime brokerage business led in the development of new products, such as cross-border (Northbound) total return swaps that was aimed at satisfying institutional clients'

investment needs; the team also worked closely with Haitong Securities (ultimate parent company) to develop cross-border (Southbound) total return swaps to satisfy the investment demand from Mainland clients. These will help solidify the Group's leading position in assisting institutional clients investing in China. In 2022, the Group's equity research team recruited a number of award-winning research analysts and expanded the cross-region research capabilities, enhancing communication and collaboration between stock markets in the mainland of China, Japan, and India.

In terms of the investment business, the Group's investment team holds investments of various financial instruments, primarily being investment funds of which the underlying assets are stocks and bonds in the secondary market, shares and bonds, and money market funds, funds of funds, investment in private bonds and equities and alternative investments.

Practice stricter risk management, internal control to support business operations

An effective and robust risk management system and internal controls are essential to the Group's business expansion and maintaining its market leadership.

The Group's management firmly believes that an effective risk management framework and a sound risk management culture are fundamental to both continued existence and successful development of the Group in any business and economic environment. As such, the Group has developed a comprehensive and stringent risk management framework in line with the international practices as the basis for risk management, which includes a three-tier system for risk management and three lines of defence for risk control in line with its risk management infrastructures. Proactive efforts have also been made to promote and foster a risk management culture taking risk management as its core to ensure effective risk management.

Corporate History and Milestones

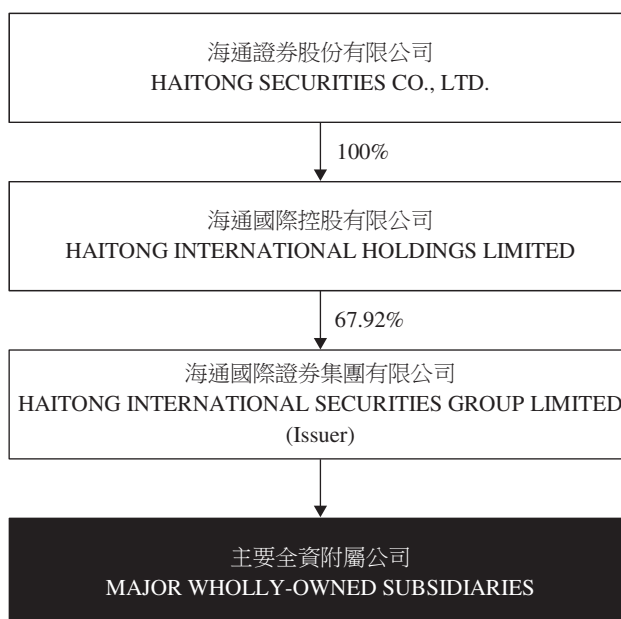
The following list sets forth the key milestones across the Group's operations:

- 2010 • Acquired Taifook Securities, a large local brokerage firm in Hong Kong, and renamed as "Haitong International Securities Group Limited". Became the first Chinese broker to acquire Hong Kong-listed broker
- 2012 • Became the first Chinese broker to obtain RQFII, QFII and RQFLP qualifications, also the only Chinese institution in 2012 which held all three qualifications
 - Launched Haitong China RMB Income Fund – one of the first RQFII funds in Hong Kong
- 2013 • Reinforced capital intermediary role and investment business, developed new business lines targeting at institutional clients and high net worth clients. FICC, Leveraged and Acquisition Finance and Equity Derivatives businesses were established
- 2014 • Accelerated overseas expansion by establishing the Issuer's first overseas subsidiary in Singapore. Haitong International (Singapore) was admitted by the SGX as a trading member in the same year
 - Obtained S&P's BBB long-term credit rating and A-2 short-term credit rating
- 2015 • Acquired Japaninvest and established a business network covering major international finance centres including New York, London, Singapore and Tokyo etc.
 - Included in Hang Seng Composite LargeCap & MidCap index
- 2016 • Completed the acquisition of Haitong India and extended full rollout in Singapore, Japan, India, UK, USA and Australia
 - Commenced the callable bull/bear contracts (CBBCs) issuance business and listed stock options market making business. Became the only Chinese securities firm among all warrants issuers approved by HKEx

- 2017 • Became the first Chinese financial services provider in Hong Kong with proprietary electronic trading platform
- Assigned Baa2 long-term issuer and Prime-2 short-term issuer ratings by Moody's
- 2018 • Completed the acquisition of US and UK businesses from Haitong Bank and began worldwide investment banking business
- Completed the first IPO deal in US, also became the first Chinese market maker in NASDAQ
- 2019 • Became the accredited Issue Manager for Mainboard listings in SGX, also obtained the Capital Market Service License from the Monetary Authority of Singapore, making Haitong International one of the Chinese financial institutions with the most comprehensive investment banking business coverage in Singapore
- 2020 • Obtained Australian Financial Services Licence issued by the Australian Securities and Investments Commission, making the Issuer the first Chinese securities firm to obtain such license through direct application
- Published the first ESG Statement to pledge for carbon neutrality by the end of 2025, becoming the first Hong Kong financial institution to make such commitment for carbon neutrality
- 2021 • Admitted as a Securities and Derivatives Clearing Member of the SGX, making the Issuer the first among Chinese financial institutions to obtain full suite of memberships at SGX
- Became the first Hong Kong-listed Chinese investment banks to voluntarily disclose quarterly results
- MSCI ESG rating upgraded to 'A'
- Included in the FTSE4Good Index by FTSE Russell
- 2022 • Completed the SPAC IPO deal for a company listed on the Nasdaq stock market, which made the issuer the first among Chinese investment banks to conduct underwriting with its U.S. entity
- Actively participated in GDR business and completed four European GDR projects listed on the Swiss Stock Exchange
- Completed two financial advisory projects for local enterprises in India
- Recognised as the "Best Securities House of the Year (Hong Kong)" by Asiamoney for the sixth consecutive year
- Opened up a collaborative cross-border total return swap (TRS) trading channel with Haitong Securities
- Successfully rolled out the Employee Stock Ownership Plan (ESOP) system and E-FUND platform for private wealth management clients
- Launched a global ESG campaign named "Green Thinking, Sustainable Living" for its offices across the world

Corporate Structure

The Group had 19 principal subsidiaries, including 11 that are incorporated in Hong Kong and eight that are incorporated in Singapore, Australia, the United Kingdom, the United States, Japan, India and the PRC, as at 31 December 2022. The following chart sets forth a simplified corporate structure of the Group as at 31 December 2022:



Recent Developments

HK\$16,000,000,000 Revolving Loan Facility

On 24 February 2023, the Issuer as borrower and certain financial institutions entered into a facility agreement whereby the Issuer obtained a revolving loan facility in an amount up to HK\$16,000,000,000 for a term of up to 364 days from the date of the facility agreement. In connection with the facility, Haitong Securities also provided certain undertakings where the facility may be cancelled and all loans together with accrued interest and any other amounts accrued thereunder may become immediately due and payable.

Subordinated Perpetual Securities

On 17 March 2023, the Issuer (as issuer), Haitong International Securities Company Limited (as placing agent), Haitong International Holdings (as investor) and an investee entity of Haitong Securities (as investor) entered into a placing agency and subscription agreement in connection with the issuance of subordinated perpetual securities in the aggregate principal amount of U.S.\$200,000,000. The subordinated perpetual securities were issued on 21 March 2023.

Rights Issue

The Issuer announced on 28 March 2023 and 29 May 2023 that it proposed to raise gross proceeds of up to (i) approximately HK\$1,295,104,900 before expenses by way of the issue of 1,992,469,077 rights shares (assuming no change in the number of shares in issue on or before 25 May 2023); or (ii) approximately HK\$1,303,662,475 by way of the issue of 2,005,634,577 rights shares (assuming no change in the number of shares in issue on or before 25 May 2023 other than the new shares to be allotted and issued pursuant to the full exercise of the Issuer's outstanding share options), at the subscription price of HK\$0.65 per rights share on the basis of three rights shares for every ten existing shares held on 25 May 2023 (the "**Rights Issue**"). The Rights Issue was only available to the relevant qualifying shareholders and would not be extended to non-qualifying shareholders.

On 21 June 2023, the Issuer announced the results of the Rights Issue. Valid acceptances and applications in respect of 1,796,460,483 rights shares, representing approximately 90.16 per cent. of the total number of 1,992,469,077 rights shares being offered under the Rights Issue, have been received. The gross proceeds from the Rights Issue amounted to approximately HK\$1,167,699,300 and the net proceeds from

the Rights Issue, after deducting all related expenses for the Rights Issue, were expected to be approximately HK\$1.16 billion. Dealings in the fully-paid rights shares have commenced on the Hong Kong Stock Exchange on 26 June 2023. After the completion of the Rights Issue, the number of ordinary shares of the Issuer increased from 6,641,563,594 to 8,438,024,077.

General Information

The Issuer is an exempted company incorporated in Bermuda with limited liability. The registered office of the Issuer is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong is 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong. The Issuer's website is www.htisec.com. The information on the Issuer's website does not form part of this Offering Circular.

Overview of Financial Performance

Revenue of the Group was HK\$8,329.7 million and HK\$5,252.2 million for the years ended 31 December 2020 and 2021, respectively. For the year ended 31 December 2022, the Group recorded negative revenue of HK\$1,390.5 million. Details of the major revenue streams and the respective proportion to total revenue are set out below:

| | For the year ended 31 December | | | |
|---|--------------------------------|------------------|--------------------|------------------|
| | 2020 | 2021 | 2022 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (translated) |
| Commission and fee income | 2,864,575 | 3,257,464 | 1,542,901 | 197,770 |
| Interest income | 2,464,585 | 1,741,000 | 1,787,537 | 229,127 |
| Net trading and investment income | 3,000,587 | 253,720 | (4,720,892) | (605,126) |
| Revenue | 8,329,747 | 5,252,184 | (1,390,454) | (178,229) |

Commission and fee income

Commission and fee income was HK\$1,542.9 million for the year ended 31 December 2022, 53% lower than HK\$3,257.5 million for the year ended 31 December 2021. The decrease was mainly attributable to the decrease in commission on brokerage and commission on underwriting and placing resulted from adverse market conditions such as diminishing market trading volume and funding raising from IPOs with asset management fee and performance fee income also being affected by the market conditions. In 2022, the Group had a small performance fee contribution. The table below presents fee income by types:

| | For the year ended 31 December | | | |
|---|--------------------------------|------------------|------------------|----------------|
| | 2020 | 2021 | 2022 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (translated) |
| Commission on brokerage | 913,265 | 839,162 | 470,185 | 60,269 |
| Commission on underwriting and placing | 1,114,145 | 1,461,896 | 355,084 | 45,515 |
| Asset management fee and performance fee income | 370,651 | 384,380 | 292,656 | 37,513 |
| Financial advisory and consultancy fee income | 202,920 | 319,728 | 195,671 | 25,081 |
| Handling, custodian and service fee income | 263,594 | 252,298 | 229,305 | 29,392 |
| Total | 2,864,575 | 3,257,464 | 1,542,901 | 197,770 |

In 2022, though the commission on brokerage attributable to the global markets segment decreased, it captured more market share in the Hong Kong stock market and China Connect market. The commission rate remained stable, representing 76% of the Group's total commission on brokerage for the year ended 31 December 2022, representing an increase of 55% from the year ended 31 December 2021. Commission on brokerage attributable to the wealth management segment was due to the base effect arising from the cease of operation of retail business since April 2021.

Commission and fee income attributable to the corporate finance segment consists of underwriting and placing commission, financial advisory and consultancy fee income. Due to a slower momentum in the capital market during 2022, the commission and fee income recorded a year-on-year decrease.

Asset management and performance fee was HK\$292.7 million, representing a decrease of 24% when compared to the year ended 31 December 2021. During 2022, the management fee remained stable. However, minimal performance fee was recognised for the year ended 31 December 2022, as the returns of most of the funds and discretionary accounts managed by the Group were affected by the overall market conditions.

Interest income

Interest income for the year ended 31 December 2022 was HK\$1,787.5 million, increased by 3% from HK\$1,741.0 million for the year ended 31 December 2021, mainly attributable to the surging interest rate in the fourth quarter of 2022. However, the Group has effectively passed on such part to its customers. At the same time, the Group exercised stringent control over its credit risks to enhance asset quality. In this virtue, the average interest bearing assets recorded a year-on-year decrease which offset the increase in interests.

Interest income from margin financing was HK\$690.7 million for the year ended 31 December 2022, representing a year-on-year decrease of 15% and accounting for 39% (for year ended 31 December 2021: 47%) of the Group's total interest income. As at 31 December 2022, balance of margin financing was HK\$12.2 billion, representing an increase from HK\$9.2 billion as at 31 December 2021. The Group provided a lower interest rate of margin financing for high-quality collaterals as a way to enhance the quality of its collateral portfolio, but against the context of rising interest rate, the average interest rate remained flat as 2021.

Interest income from term financing was HK\$194.1 million for the year ended 31 December 2022, 20% lower as compared with the year ended 31 December 2021. Term financing scaled down from HK\$2.9 billion for the year ended 31 December 2021 to HK\$2.8 billion for the year ended 31 December 2022, mainly attributable to the Group's focus on margin financing business and repayment of certain term financing as they expired in 2022.

The below table presents the outstanding balance of interest bearing assets as at the end of the respective years and their corresponding interest income:

| | For the year ended 31 December | | | |
|--|---------------------------------------|------------------|------------------|---------------------|
| | 2020 | 2021 | 2022 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (translated) |
| Margin financing: | | | | |
| – Outstanding balance as of the end of the year | 12,327,279 | 9,160,201 | 12,219,979 | 1,566,363 |
| – Interest income during the year | 1,023,115 | 810,435 | 690,719 | 88,537 |
| Term financing ⁽¹⁾ : | | | | |
| – Outstanding balance as of the end of the year | 3,885,102 | 2,927,596 | 2,828,144 | 362,513 |
| – Interest income during the year | 367,221 | 242,849 | 194,068 | 24,876 |
| Investment securities measured at amortised cost: | | | | |
| – Outstanding balance as of the end of the year | 10,475,717 | 7,054,332 | 3,872,953 | 496,437 |
| – Interest income during the year | 763,979 | 571,224 | 667,011 | 85,498 |
| Reverse repurchase agreements: | | | | |
| – Outstanding balance as of the end of the year | 7,061,032 | 4,745,788 | 1,169,288 | 149,880 |
| – Interest income during the year | 109,400 | 48,231 | 64,169 | 8,225 |
| Interest bearing assets: | | | | |
| – Outstanding balance as of the end of the year | 33,749,130 | 23,887,917 | 20,090,364 | 2,575,192 |
| – Interest income during the year ⁽²⁾ | 2,263,715 | 1,672,739 | 1,615,967 | 207,135 |

Notes:

- (1) To better reflect the business operations and activities of the Group in relation to the advances other than advances to customer in margin financing, the directors of the Issuer decided to present and group the “Merger and acquisition financing” and “Secured financing” within Advances to customers as “Term financing” within Advances to customers from 2021 onwards. Accordingly, “Merger and acquisition financing” and “Secured financing” in the audited financial statements as at 31 December 2020 have been reclassified to conform with current year presentation and there is no financial impact on the consolidated statement of financial position.
- (2) Interest income from interest bearing assets excludes interest income from bank deposits and others (2022: HK\$171,570,000; 2021: HK\$68,261,000; 2020: HK\$200,870,000).

Net trading and investment income

The Group recorded negative net trading and investment income of HK\$4,720.9 million for the year ended 31 December 2022.

The table below presents net trading and investment income by nature:

| | For the year ended 31 December | | | |
|---|--------------------------------|----------------|--------------------|------------------|
| | 2020 | 2021 | 2022 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (translated) |
| Net (loss)/gain from financial assets held for trading and market making activities | 569,381 | 365,226 | (87,708) | (11,242) |
| Net trading income on financial products | 606,153 | 530,973 | 463,848 | 59,456 |
| Net (loss)/gain from investment securities at fair value | 1,825,053 | (642,479) | (5,097,032) | (653,340) |
| | <u>3,000,587</u> | <u>253,720</u> | <u>(4,720,892)</u> | <u>(605,126)</u> |

Net trading and investment income mainly comprised of net trading income on financial products and net loss from investment. Net trading income on financial products represents the spread received from provision of leverage for product holders but the gains or losses arising from relevant assets are attributable to product holders. For the year ended 31 December 2022, the Group reported negative net trading and investment income of HK\$4,720.9 million, mainly attributable to unrealised losses and impairment on assets in varying degree resulted from decreasing market prices and valuations of the Group’s investment as a consequence of stock and bond market fluctuation in Mainland China and Hong Kong.

Business and Operations

A summary of the revenue from different business segments of the Group is set out below:

| | For the year ended 31 December | | | |
|-----------------------------|--------------------------------|------------------|--------------------|------------------|
| | 2020 | 2021 | 2022 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | U.S.\$'000 |
| | (audited) | (audited) | (audited) | (translated) |
| Wealth management | 1,994,069 | 1,408,920 | 1,099,556 | 140,942 |
| Corporate finance | 1,319,173 | 1,787,736 | 580,804 | 74,448 |
| Asset management | 370,651 | 384,380 | 292,656 | 37,513 |
| Global markets | 1,890,596 | 1,571,927 | 951,286 | 121,936 |
| Investment | 2,755,258 | 99,221 | (4,314,756) | (553,067) |
| Total | <u>8,329,747</u> | <u>5,252,184</u> | <u>(1,390,454)</u> | <u>(178,229)</u> |

Wealth management

The Group's wealth management segment provides financial advisory services and customised investment solutions to satisfy the specific financial needs of high net worth clients. This segment offers a broad range of products and services including securities, futures and options contracts, over the counter products, funds, discretionary account management services, securities custodian services, and securities margin financing. Revenue from the Group's wealth management business segment was HK\$1,994.1 million, HK\$1,408.9 million and HK\$1,099.6 million for the years ended 31 December 2020, 2021 and 2022, respectively.

In 2022, the Group's wealth management segment continued its aim to become a well-rounded, well-recognised private wealth manager for entrepreneurs, concentrating on constructing a strong base in terms of clientele and branding for long term to broaden the fee-based income and interest income, and to generate stable recurring income streams for the Group amidst the uncertain market conditions.

In 2022, the Group's wealth management segment launched new offerings, such as EAM, to acquire top-tier client assets and enrich over-the-counter product offerings. Leveraging the Group's leading position in the investment banking sphere, this segment also partnered with the investment banking team to attract new entrepreneurial clients. To enhance the client experience, the private wealth management team jointly organised an investment strategy forum with the asset management team and published reports relating to hot themes in the market.

The private wealth management team also completed phase one of the deployment of a new wealth management system in collaboration with Avaloq, a leading wealth management system provider, to offer high-net-worth and entrepreneurial clients access to brand-new private wealth management experience.

Corporate Finance

The Group's corporate finance segment engages in provision of sponsoring and underwriting services to corporate clients for their fundraising activities in equity and debt capital markets, and also engages in provision of financial advisory service for corporate actions such as mergers and acquisitions. In addition, this segment also provides financing solutions to the corporate clients and distributes these assets in secondary market. Revenue from the Group's corporate finance business segment was HK\$1,319.2 million, HK\$1,787.7 million and HK\$580.8 million for the years ended 31 December 2020, 2021 and 2022, respectively.

The Group's investment banking activities were affected by the slowdown in IPO fundraising during 2022. For the year ended 31 December 2022, the Group's ECM team completed 30 equity financing underwriting projects (including IPOs, secondary placings, and rights issues), ranked third among all financial institutions in terms of the number of projects in the Hong Kong markets. Leveraging on the Group's global network, the Group's ECM team completed its first SPAC IPO listing in the United States.

The Group's DCM activities were also affected in 2022. The increase in USD interest rates and the monetary easing in the Mainland China resulted in an inverted spread between domestic and overseas issuances. The defaults of Chinese-issued USD high-yield bonds, in particular those issued by real estate developers, had a significant impact on the market demand for such bonds, and the total issuance of such bonds for the year ended 31 December 2022 fell 86% year-on-year consequently. For the year ended 31 December 2022, the Group completed 173 bond issuance projects and expanded its capability as a financial advisor on debt restructuring, with the Group's DCM team completing 19 debt restructuring projects. The Group's DCM team also completed 24 green and sustainable bond issuances with a total financing amount of US\$8.2 billion for the year ended 31 December 2022.

To expand fee income sources, the Group's merger and acquisitions team completed three projects and is in the process of executing a number of projects with an expected transaction amount of over U.S.\$12.5 billion for the year ended 31 December 2022. The Group's LCM team also completed a number of projects, set up a financial institution group, and successfully completed a structured finance project that amounted to U.S.\$250 million for the year ended 31 December 2022. The Group's LCM team, through participating in the early stages of equity financing projects, created synergies with other teams within the segment and provided an array of investment banking services.

Asset Management

The Group's asset management business segment engages in provision of investment management services on diversified and comprehensive investment products including public funds, private funds, and mandatory provident funds to individual, corporate and institutional clients. This business segment is conducted through three subsidiaries, namely Haitong Asset Management (HK) Limited, Haitong International Asset Management Limited and Haitong International Investment Managers Limited. All of the three subsidiaries are SFC licensed companies engaged in asset management business to provide institutional, corporate and individual investors globally with a full spectrum of investment management products and services including funds, segregate mandates and mandatory provident funds. Revenue from the Group's asset management business segment was HK\$370.7 million, HK\$384.4 million and HK\$292.7 million for the years ended 31 December 2020, 2021 and 2022, respectively.

In 2022, the Group's asset management team launched new products such as Haitong Spark Global Multi-Asset Fund S.P. and SPAC investment fund to meet the investment demand of high-net-worth clients, and also promoted cross-selling activities with the private wealth management segment. The Group's asset management team also reviewed funds under its management and redeployed resources for new investment funds. This segment has also expanded its investment research capabilities and jointly organised an investment strategy forum with the Group's private wealth management team.

Commission and fee income from this segment composed of asset management fee income and performance fee income from the numerous funds managed by the team. Asset management fee income remained stable year-on-year while minimal performance fee was recognised in 2022, as the returns of most of the funds and discretionary accounts managed by the Group was affected by the overall market as at 31 December 2022. Assets under management ("AUM") of this segment was HK\$39.9 billion (as at 31 December 2021: HK\$54.0 billion) as at 31 December 2022.

Global Markets

The global markets segment provides a vast range of financial services to a diverse group of institutional clients, such as investment funds, sovereign funds, insurance companies and financial institutions, globally. This segment offers sales and trading of both equity and fixed income products, prime brokerage and risk management solutions, and research advisory. This segment is supported by the award-winning equity research team that specialises in listed equities in Asian financial markets. Revenue from the Group's global market business segment was HK\$1,890.6 million, HK\$1,571.9 million and HK\$951.3 million for the years ended 31 December 2020, 2021 and 2022, respectively.

Despite the drop in market turnover, the Group's cash equities sales and trading team and equity research team combined to provide one-stop services to institutional customers while expanding the Group's market shares in both the Hong Kong stock market and the China-Hong Kong Stock Connect. That resulted in a significantly smaller decrease in fee and commission income compared with the drop in overall market turnover. During 2022, the fixed income sales and trading team completed its transformation, and upgraded its fixed income business to sales and trading of fixed income securities and fixed income products in both primary and secondary markets. Prime brokerage business led in the development of new products, such as cross-border (Northbound) total return swaps that was aimed at satisfying institutional clients' investment needs; the team also worked closely with Haitong Securities to develop cross-border (Southbound) total return swaps to satisfy the investment demand from Mainland clients. These will help solidify the Group's leading position in assisting institutional clients investing in China. During 2022, the Group's equity research team recruited a number of award-winning research analysts and expanded the cross-region research capabilities, enhancing communication and collaboration between stock markets in the mainland of China, Japan, and India.

Investment

The investment segment invests in various instruments and holds majority of investment securities (measured at amortised cost and at fair value) of the Group. Investments held by this segment include primarily investment funds, listed and unlisted debt and equities, alternative investments (such as real estate investments through investment funds and subsidiaries) and private equities. This segment aims at acquiring investments that generates a reasonable yield while maintaining a robust risk management

mechanism. Revenue from the Group's investment business segment was HK\$2,755.3 million and HK\$99.2 million for the years ended 31 December 2020 and 2021, respectively. For the year ended 31 December 2022, the Group recorded a negative revenue from its investment business segment of HK\$4,314.8 million.

This segment's revenue was mainly driven by fair value changes and disposal gain or loss of the investment securities held. Investment securities measured at fair value through profit and loss primarily include: (i) investment funds with stocks and bonds traded on secondary markets as their major underlying assets as well as stocks and bonds (for the year ended 31 December 2022: HK\$15.8 billion; for the year ended 31 December 2021: HK\$16.1 billion), while portion accounted for by investment funds carrying a fixed rate of return increased from 35.1% as at 31 December 2021 to 65.5% as at 31 December 2022; (ii) money market fund (for the year ended 31 December 2022: HK\$2.8 billion; for the year ended 31 December 2021: nil); (iii) private equity funds investment (for the year ended 31 December 2022: HK\$4.2 billion; for the year ended 31 December 2021: HK\$3.0 billion), diversely investing in around 30 investment funds managed by professional private equity investment institutes, focusing on sectors such as medical, consumption, corporate services and biotechnology; (iv) private investment in debt and equity (for the year ended 31 December 2022: HK\$4.3 billion; for the year ended 31 December 2021: HK\$4.8 billion), primarily investing in sectors such as new energy, logistics, medical, environment protection, education, targeted marketing and artificial intelligence; and (v) alternative investments (for the year ended 31 December 2022: HK\$4.2 billion; for the year ended 31 December 2021: HK\$4.2 billion), focusing on biotechnology as well as quality real estate projects in core cities in the PRC and overseas.

Environmental, Social and Governance

In 2020, the Group published its first ESG Statement to pledge to achieve carbon neutrality by the end of 2025, becoming the first Hong Kong listed Chinese financial institution to publicise a carbon neutrality commitment.

The Group aims to deploy or provide U.S.\$20 billion in ESG and sustainable financing and investment by the end of 2025. Echoing the Issuer's emphasis put on sustainable finance, various business teams take ESG factors into consideration when making investment decisions. In 2020, the Issuer participated in the Chinese leading new energy vehicle maker – Xpeng Motors' U.S. IPO deal as the Underwriter, and solely sponsored First Service's IPO in Hong Kong, the first green property management company listed on the market. Following the launch of the first ESG-themed A-share ETF in the Hong Kong market in 2020, the Group co-launched the world's first ESG focused Asia ex-Japan high yield corporate USD bond ETF in Europe in 2021, attracting strong interests from foreign investors with a boost in AUM size. The Group also participated in the underwriting of 40 green and sustainable bonds reached a total of U.S.\$11 billion, increased 267% from that in 2020, making itself a forerunner in the green bond underwriting market among Chinese financial institutions. With all those efforts being recognised, in March 2021, the Issuer's MSCI ESG rating was upgraded to "A", the highest rating record for Chinese financial institutions and the Group was included into the FTSE4Good Index by FTSE Russell, becoming one of the leaders in ESG practices among global investment banks.

In 2022, the Group participated in the issuance of 24 green and sustainable bond projects with a total financing amount exceeding U.S.\$8 billion. Many of these green bond projects were highly regarded and recognised by the market for their innovations in green financing framework design and mode of issuance, which helped issuers develop in a green and sustainable manner. The Group's equity research team has also consolidated a number of globally accepted ESG rating systems to score the ESG performance of all covered listed companies and included the results in the first page of the research report, providing investors with ESG investment reference guidelines.

Sales and Marketing

The Group not only has extensive sales, marketing and advisory experience in the financial and wealth management industries, but also possesses a broad product and service awareness.

To enhance brand awareness, the investment strategy team of the Group regularly conducts face-to-face meetings with prospective clients, hosts public relations and investor education events and participates in industry conferences. The investment strategy team also distributes the Group's featured research reports and provides other value-added financial advisory services to clients in order to enhance customer loyalty.

Customer Services

The Group provides a full range of services through its private wealth management centre, customer service hotline and online platform:

- **Branch network:** Each branch of the Group is managed by professional investment consultants and branch service staff who provides services including account opening, trading, enquiries, consultancy and after sales services.
- **Private wealth management centre:** The customer service centre provides account opening and enquiry services to professional investors.
- **Customer service hotline:** Customer service hotlines, located in Hong Kong, offer customer enquiry and handle complaints.
- **Online platform and applications:** The Group's online platform and applications allow customers to execute real-time trades, check trading status, position and account information, and manage fund movement. The Group also offers stock quotes, financial news, global market updates and financial commentaries, as well as equity research reports through its online platform.

Risk Management

The Group's principal businesses are exposed to two major types of business risk, namely financial and non-financial risks. Financial risks include liquidity risk, credit risk and market risk, whereas non-financial risks mainly cover operational risk, legal and compliance risks, information technology risk and reputational risk. The Group's management firmly believes that an effective risk management framework and a sound risk management culture are fundamental to both continued existence and successful development of the Group in any business and economic environment. As such, the Group has developed a comprehensive and stringent risk management framework in line with the international practices as the basis for risk management, which includes a three-tier system for risk management and three lines of defence for risk control in line with its risk management infrastructures. Proactive efforts have also been made to promote and foster a risk management culture taking risk management as its core to ensure effective risk management.

Risk Appetite, Risk Management Framework and Culture

The Group's overall risk appetite is "stable and prudent", emphasising stable and conservative operational risk and liquidity risk management, making continuous effort in preserving relevant regulatory indicators consistently meet regulatory requirements; while developing our business in a steady and progressive way, maintaining stable profitability and excellent reputation and social image. The Group's risk tolerance is established starting from the Group's overall risk appetite and embodied in a set of quantitative risk indicators. Top-down approach attributes group risk tolerance to each business unit, forming risk management policy and operation procedure covering each business line, including approved product list (APL), approved trading limits (ATL), risk limits, concentration management, timely risk incidents reporting etc.

The effectiveness of the Group's risk management framework lies in its clearly-defined risk management objectives and mandates, as well as a fully-fledged risk control system with clear structures, well-defined functions, roles and responsibilities, as well as a comprehensive set of policies and procedures and their respective implementation rules. The prime objective is to have all the business risks effectively identified, measured, analysed and controlled, such as having them measured against defined limits, monitored, reported and managed (including mitigation and elimination of risks), followed by the pursuit of business development on the premise of keeping risks in check.

The Group's risk management framework is embodied by the three-tier system, with the Board and the Risk Committee, a standing committee established by the Board being the first tier and the Group's Executive Committee, the Group Asset and Liability Management Committee, Investment Committee and the Risk Management Committee as the second tier, whereas the executing units, including all business units, business supporting units, legal department, compliance department and risk management department, together constitute the third tier. The Board determines the Group's risk management

strategies, including risk appetite and tolerance, as well as guiding principles for overall risk management. The Risk Committee is responsible for overseeing the Group's overall risk management framework and advising the Board on the Group's risk-related matters. On the other hand, the Executive Committee, through its Group Asset and Liability Management Committee, Investment Committee and the Risk Management Committee, is responsible for and guiding the implementation of the Group's risk management strategies as well as the formulation and execution of overall risk management policies, while all the business units within the Group constitute the main body for implementing the risk management policies and procedures.

The risk management department, led by the Group's Chief Risk Officer, works under the guidance of the Risk Management Committee. In line with the international practices, the department has established four functional units, namely, credit risk management, market risk management, operational risk management and group risk management respectively. The risk management department also collaborates with treasury department in managing liquidity risk.

In line with the risk management infrastructures is a sound risk management culture within the Group, which stresses on the three principles for risk management, namely the principles of independence, equal partnership and independence between business units and risk control units, and prudence. Such a culture echoes with the underlying mechanism, where the risk management mechanism is put in place to embody the culture while the culture in turn ensures effective implementation of the framework.

Liquidity Risk

Liquidity risk mainly refers to the risk of liquid capital deficiency when the Group performs its obligations in relation to its financial liabilities and loss of the financial assets at deep discount when market stress event happens.

Liquidity risk management constitutes an essential part of the Group's risk management function. The primary goal of the Group's liquidity risk management framework is to ensure that the Group maintains adequate liquid capital and funding to support its business commitments and to comply with the applicable regulatory capital requirements at all times. The core components of the framework are the liquidity resources, liquidity monitor indicators and contingency funding plans. The Group maintains sufficient liquidity resources which consist of highly liquid assets, substantial long term and standby banking facilities to meet any contingent funding needs in its operations. Treasury department closely monitors the Group's cash flow as well as the liquidity profile of its assets and liabilities by using various monitoring tools and conducts stress tests to quantify the Group liquidity level under multiple idiosyncratic and systematic scenarios. The Group has also established contingency funding plans with the proper escalation process and action items in the event of liquidity shortfalls. Even in periods of extreme market volatility, senior managements believe that the Group's working capital has been adequate to meet its financial obligations.

Credit Risk

Credit risk refers to the risk of economic losses stemming from failure of any counterparty or any other issuer of whom the Group holds the securities or other instruments to meet their contractual obligations. The Group's credit risk primarily comes from clients' securities financing, trading in over-the-counter derivatives and underwriting commitments.

The Group's credit risk management function is independent of business units and directly reports to the Group's Chief Risk Officer. The credit risk management team is responsible for credit evaluation, monitoring and rating migration. Besides, the bonds held by the Group for investment transactions in the secondary market are also exposed to credit risks. Credit risk evaluations are therefore conducted for concentration risk of the bonds held by the Group for investment transactions.

The Group has established a "consolidated credit management mechanism" with which collateral and concentration management serves as a core framework for credit risk management. The Group's credit risk management measures are as follows:

- Establish a group-wide credit risk management framework and manage the margin limits for each tier of clients based on the Group's risk appetite;

- Evaluate creditworthiness of counterparties according to the Group's internal credit scoring model and perform credit risk exposure and collateral concentration monitoring and reporting;
- Carry out effective collateral management including refining the scope of approved securities collateral and valuation discounts from time to time;
- Review and maintain access to underwriting commitment;
- Find ways to transfer credit risks including collateral and hedge management; and
- Manage and intervene credit loss events actively to maximise recoverable amounts.

The Group has also set up an overall risk management system for securities margin business including client creditworthiness evaluation, margin ratio evaluation and management, margin call and forced-liquidation control against single client or single issuer and concentration limit management in strict compliance with the requirements of Guidelines for Securities Margin Financing Activities issued by the Securities and Futures Commission.

The Group also fulfills the underwriting commitments for its corporate finance business. Such commitments mainly cover general corporate purpose or other purposes relating to acquisition, listing or privatisation. The Group, as an underwriting commitment arranger, will sell a majority of its underwriting commitments. The underwriting activities were managed by the Group with the aforementioned internal credit risk rating and risk mitigation measures whereas the business units and the risk management department keep monitoring over existing commitments as well as the status, collaterals and financial positions of borrowers. Monitoring findings are reported to the Group's management on a monthly basis.

Market Risk

Market risk refers to the risk stemming from fluctuations of the fair value of financial instruments or future cash flows due to financial market or economic changes. The financial instruments held by the Group represent positions arising from investments or dealings for clients or the Group itself. Those financial instruments are stated at fair value with fluctuating daily average value, and the profits and losses of which are stated in the consolidated statement of profit or loss.

The Group's risk management department assesses, monitors and manages market risks with a holistic approach. Market risk management primarily covers risk measurement, limit setting and risk monitoring. The Group measures market risks with an array of methodologies mainly including VaR analysis, stress tests, sensitivity analysis and stop-loss.

Market risk mainly includes:

- Equity risk: risks derived from changes of prices and volatility of single stocks, a basket of stocks and stock indexes;
- Exchange risk: risk derived from changes of spot prices and forward prices as well as the exchange rate volatility; and
- Interest and credit spread risk: risk derived from level, gradient and curvature of yield curves, interest fluctuations and changes of credit spread.

Operational Risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. As defined by the Basel Committee on Banking Supervision, operational risk ranges from internal fraud, external fraud, employment practices and workplace safety, clients, products and business practice, damages to physical assets, business disruption and system failures, execution, delivery and process management. The Group manages relevant operational risks based on its well-established risk appetite.

The Group has established a set of operational risk management framework to determine operational risk management model and the roles and responsibilities taken by each stakeholder for operational risk management. To strike a balance between risks and returns, the Group has adopted the following measures to identify, manage, assess and mitigate operational risks:

- Foster a robust risk culture and train up its employees in terms of awareness, attitude and behavior toward the Group's risk management;
- Assess inherent risks and residual risks through annual risk evaluation to ensure adequate additional remedies are put in place to deal with identified deficiencies;
- Monitor and review operational risk events resulting from different businesses with proper action plans in place;
- Assess risk exposures with the use of quantitative indicators and qualitative measures based on existing risk appetite; and
- Understand and assess operational risks arising from new businesses and offerings.

The risk management committee plays a supervisory role to manage the operational risk, gives advice on risk materiality and gives guidance for proper actions. Each meeting of the risk management committee is chaired by a member of executive committee and is attended by senior management from various departments including the risk management, compliance and global technology and operations. On top of this, the internal audit department performs independent evaluations on the operational risk management framework to ensure relevant operational risks management policies and procedures are implemented effectively.

Legal and Compliance Risk

Legal risk refers to the risks of suffering from economical or reputational losses arising from breach of contract, litigation or legal dispute. Compliance risk refers to exposure to legal and regulatory penalties, financial forfeiture and adverse reputational impact when the Group fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.

The Group upholds a robust legal and compliance risk management framework and pays constant attention to the regulatory environment on current business, assessing severity level and causes of identified legal and compliance risk and formulating on-going comprehensive plan to carry out remedies and refinements for mitigation and remediation.

To mitigate the relevant risks, the Group established the legal department and the compliance department. The compliance department is responsible for compliance monitoring and gives compliance advice on business plans and activities, while the legal department provides legal advices, actively handles legal documents reviewing and vetting and also manages legal disputes.

All-round Group policies, procedures and standardised templates are implemented and updated timely with business development and regulatory rules changes. Through sound management system and procedures, the legal and compliance teams monitor and prevent compliance risks in relation to anti-money laundering, conflict of interests, information barriers, market misconducts etc. The Group's compliance culture and awareness are elevated by setting compliance responsibilities in each business line and subsidiary, conducting legal and compliance trainings to staff from time to time and providing internal guidelines on regulatory changes.

Information Technology Risk

Information technology risk refers to the risk of loss related to information technology due to inadequate information technology and processing in terms of manageability, integrity, controllability, and continuity.

The Group has established an information technology risk management framework which covers risk governance, communication, monitoring, assessment, mitigation and acceptance and is supported by a set of IT policies, standards and controls.

Reputational Risk

Reputational risk is the risk that the Group's reputation is damaged by reputation events, as reflected from negative impacts, as a result of business practices, conduct or financial condition of the Group or its representatives, potentially causing irreparable damage to the Group's brand value and reputation.

The Group has adopted the prudent and proactive approach to manage reputational risk. The Group has strong corporate governance emphasising integrity and ethical conduct in every business decision and activity; and takes an integrated approach to manage risks so as to minimise reputational risk.

Information Technology

The Group's IT Department is responsible for delivering secure, reliable and high-quality systems to support business operations of the Group and providing necessary information technology infrastructure based on the business needs and development of the Group.

The Group's IT systems consist of three key components: front office, middle office and back office systems, which generally cover transaction management, customer service and internal management. The IT systems utilise its own proprietary software as well as hardware and software provided by Microsoft, Oracle, SAS, IBM, HP, FIS, Bloomberg, Reuters and other system providers. The Group incurs IT-related capital expenditures mainly for the purchase of software and hardware.

Improving the Group's IT infrastructure is critical to its business as it lays the foundation for future growth and enhances its competitiveness. Over its operating history, the Group has regularly allocated substantial financial and human resources towards upgrading its IT systems with the goals of achieving higher operational efficiency, enhancing user access and customer service, and providing flexibility for future business needs and market trends.

Recent examples of the Group's system upgrades and initiatives include:

- In March 2023, the system enhancements for the Hong Kong Investor Identification Regime have been accomplished in order to closely follow the market development and comply with the new regulation.
- During 2022 to 2023, the project of Avaloq has been accomplished. The private banking system, Avaloq, aimed to develop an industry-leading private wealth management technology, creates a first-class private banking business and provides clients with real-time, intelligent advanced experience and highly personalised investment advice.
- In February 2022, further enhancement was made to the VDI platform to ensure BCP remote access model was well functional during the fifth COVID-19 wave in Hong Kong.
- In May 2022, successful implementation of system changes to support the HKEx Derivatives Holiday Trading initiative.
- In July 2021, the Group acquired HTI Singapore acquiring SGX Securities and Derivatives Clearing membership on the back of robust IT infrastructure support and development.
- In December 2021, VDI platform was enhanced which boosted up the Group's remote access capacity and speed.
- In March 2021, the Issuer officially acquired securities and derivatives clearing membership of the SGX and became a depository agent of The Central Depository (Pte) Limited (CDP) on the back of robust IT infrastructure support and development. The Issuer has been fully approbated by the SGX in area of business operations, professionalism and staffing of senior management, level of compliance risk management, and liquidity of funds.
- In September 2020, the Group has expanded the Beijing Office strengthening the footprint in China.

- In March 2020, the Group finished the design and analysis phase of Avaloq private banking system as reference for future development on PWM business.
- In February 2020, the Group launched the new cloud-based Oracle Purchase Request BPM workflow to all oversea offices.
- From February 2020, various BPM systems for internal workflows have been launched in Hong Kong and oversea offices. It practiced ESG by developing green finance and realising paperless, automated, standardised and streamlined work.
- In May 2019, the VDI technology has been set up for remote working from home. Even facing a severe COVID-19 outbreak in 2020 to 2022, the Issuer has demonstrated a solid operational foundation during this period. Business development, system operation and daily operations remained stable.

In recent years, the Group has ride on the rapid advancement in information technology, and took the chance to improve its own information technology and global operational systems to empower the support of all businesses through an innovative, digitalised and automated platform. The global technology and operations team has been continuously integrating external and internal resources to upgrade the Group's infrastructure and systems to boost operational effectiveness and efficiencies while also improving customer experiences.

Building on the Group's determination and beliefs in information technology, the Group's internal operational systems and database have been continuously enhanced. Despite the challenges brought by the pandemic and remote work arrangements in the past two years, the Group maintained its operational efficiencies in its transaction, settlement, valuation, and risk management monitoring around the clock to ensure all businesses and functions operated without disruptions.

Competition

The financial services industry in Hong Kong is highly saturated and competitive. The Group believes that competition in the industry is based on the following principal factors:

- the range of products and services offered;
- pricing;
- customer service;
- capital position;
- network coverage;
- marketing and distributing capacities; and
- brand recognition.

The Group intends to persevere with its strategic plan to complete a full line of investment banking services centred around its core competitiveness. The Group plans to enhance its business model by strengthening international footprint and increasing cross-border and cross-departmental synergies. The Group intends to strictly control risks and try its best to capture business opportunities. Standing by its ESG philosophy and sustainable finance principles, the Group aims to become the world-renowned investment bank that possesses global competitiveness, systematic importance, and worldwide influence.

Faced by the competition, the Group intends to keep a clear head to carry out responsive actions and strategic plans in an objective, prudent, and forward-looking mindset. The Group plans to operate in a stable business model, maintain a "stable to prudent" risk appetite, adhere to its commitment on "reducing risk by lowering leverage" principles to make judgements, capture opportunities, respond to market changes and challenges. The Group aims to continue to pursue on its commitment to develop a diversified and strong fee based business platform, unite all businesses to act as a whole, create synergies among

investment banking, asset management, private wealth management and global markets, to become an integrated, well-rounded investment bank. The Group intends to continue to build on its existing global network, strengthen internal businesses cooperation, and commit on its ESG and sustainable finance strategies to reach the goal of carbon neutrality by 2025.

The Group is committed to sharpen its competitive edge among its investment banking peers on the back of its “One Haitong” philosophy to make concrete contribution to the real economy. Boasting distinctive advantages and overcoming its shortcomings, the Group will maintain its brand advantage in 2023. Besides echoing with the major national policies of the development of the Guangdong-Hong Kong-Macao Greater Bay Area, it will strengthen its business, integrate internal resources and explore untapped market and business opportunities, pivoting towards our strategic transformation goal.

Employees

As at 31 December 2022, the Group had 996 staff members globally, with 130 in Mainland China; 746 in Hong Kong; 26 in Singapore; 45 in Mumbai; 13 in Tokyo; two in Sydney; 14 in London and 20 in New York. The Group views employees as an invaluable asset and is committed to promote continuous learning and developing environment. The Group provides a comprehensive range of staff training and development programs, including extensive professional training for licensed persons; training sponsorship scheme to encourage staff to seek self-development through attending job-related external training courses; financial assistance provision to acquire professional qualification; and offering various compliance training courses. The Group has been running Management Trainee Development Scheme to nurture talents and meet the growing demand at home and abroad. In 2022, the Group expanded its Summer Internship Program, giving undergraduates (especially penultimate-year students) on-the-job training and exposures in the financial industries. The Group also provides well-rounded ESG training to apply its ESG philosophy into various aspects of its businesses and operations.

As at 31 December 2022, the Group has not experienced any strikes or other material labour disturbances that have interfered with its business operations and it believes that its management and employees have maintained good relationships with each other.

Property

The principal place of business of the Group is located at 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong. This premise is leased by the Group and occupies a total area of approximately 10,000 square feet.

In addition, the Group also leases other branch offices in Macau, Singapore, the United States, the United Kingdom, Japan and India of approximately 79,430 square feet. In China, the Group maintains offices in Beijing, Shanghai and Shenzhen, totally around 25,127 square feet.

Insurance

The Group maintains standard insurance in relation to its risk exposure arising from the nature of its business, such as in relation to offices, fire and water damage to its premises, directors and officers liability, licence holders liability, investment managers liability, cyber enterprise risk management insurance, life and personal accident insurance, medical and travel insurance. The Group’s insurance coverage is provided by reputable companies with commercially reasonable limits and deductibles on coverage.

The Group believes that its insurance coverage is sufficient for its present purposes and is consistent with coverage for other financial services companies in Hong Kong. The Group periodically reviews its insurance coverage to ensure that it has adequate coverage.

Legal Proceedings

The Group is party to legal proceedings from time to time in the ordinary course of its business. As at the date of this Offering Circular, the Group was not aware of any actual, pending or threatened proceeding that is likely to have a material and adverse effect on its financial condition, results of operations, business or prospects or the ability of the Issuer to perform its obligations under the Notes.

MANAGEMENT

Directors

The following table sets forth information regarding the directors of the Issuer as at the date of this Offering Circular:

| Name | Age | Position |
|-----------------------------|-----|------------------------------------|
| LIN Yong <i>JP</i> (林涌) | 53 | Executive Director |
| SUN Jianfeng (孫劍峰) | 47 | Executive Director |
| SUN Tong (孫彤) | 46 | Executive Director |
| LI Jun (李軍) | 53 | Non-executive Director |
| CHENG Chi Ming Brian (鄭志明) | 40 | Non-executive Director |
| ZHANG Xinjun (張信軍) | 47 | Non-executive Director |
| WAN Kam To (尹錦滔) | 70 | Independent Non-executive Director |
| LIU Swee Long Michael (劉瑞隆) | 62 | Independent Non-executive Director |
| ZHANG Huaqiao (張化橋) | 60 | Independent Non-executive Director |
| LEE Man Yuen Margaret (李文苑) | 69 | Independent Non-executive Director |

Executive Directors

LIN Yong *JP* (林涌), aged 53, was appointed as an Executive Director of the Issuer on 23 December 2009. He has been a Deputy Chairman of the Board of Directors of the Issuer as well as the Chief Executive Officer of the Group since 29 April 2011. He is also the Chairman of the Executive Committee as well as a member of the Strategic Development Committee of the Issuer. In addition, Mr. LIN is a board member of Haitong Bank and Haitong Banco de Investimento do Brasil S.A., wholly-owned subsidiaries of Haitong International Holdings. He also acts as the chairman of Haitong Bank since 30 October 2017. Mr. LIN holds a Doctorate Degree in Economics from Xi'an Jiaotong University and has over 20 years of experience in the investment banking industry. Mr. LIN joined Haitong Securities in 1996 and was a general manager of the Investment Banking Department of Haitong Securities from 2001 to 2007. He has been appointed as a director and general manager of Haitong International Holdings since 2007. He is responsible for the overall operation of Haitong International Holdings and the business development of the Group. In 2006, Mr. LIN was named "2006 Top Ten Outstanding Young Person in Financial Sector in Shanghai" (2006年上海首屆十大金融傑出青年) and was honoured as the "2014 Shanghai Financial Industry Leader" (2014滬上金融行業領袖) in 2014. He acts as the chairman of Chinese Securities Association of Hong Kong from February 2019 to March 2023, and was appointed as the permanent honorary president of Chinese Securities Association of Hong Kong with effect from 24 March 2023. Mr. LIN was appointed as a member of the Mainland Opportunities Committee of the Hong Kong Financial Services Development Council since 1 April 2019. He was appointed as a non-executive director of Financial Reporting Council (now known as Accounting and Financial Reporting Council) from 1 October 2019 to 30 September 2021. He has also been appointed as a member of the board of directors of Financial Services Development Council since 2 January 2020, a director of the Hong Kong Chinese Enterprises Association since 16 September 2020, a committee member of The Chinese General Chamber of Commerce since November 2020, a founding member of the Hong Kong Exchanges and Clearing Limited's Mainland Markets Panel since August 2021, a member of the Hong Kong Trade Development Council for a term commencing from January 2022 to December 2023 and the deputy chairman of Belt & Road General Chamber of Commerce since July 2022. Mr. LIN was also appointed as a member of the Board of Governors of Hong Kong Chu Hai College of Higher Education with effect from 6 June 2022. Mr. LIN was appointed as a Justice of the Peace (JP) by the Government of the HKSAR in October 2020. On 17 January 2023, Mr. LIN has been elected as a member of the 14th National Committee of the Chinese People's Political Consultative Conference ("CPPCC").

SUN Jianfeng (孫劍峰), aged 47, joined the Group in 2010 and was appointed as an Executive Director of the Issuer with effect from 1 June 2017. He is responsible for development and management of private wealth management business. He is also a member of the Executive Committee of the Issuer. Mr. SUN is also a director of certain subsidiaries of the Issuer as well as a responsible officer of Haitong International Capital Limited under the Securities and Futures Ordinance. Mr. SUN holds a Master of Applied Economics from Xi'an Jiaotong University. He possesses extensive experience in the corporate finance industry. He participated and completed a number of IPOs in Hong Kong and China.

SUN Tong (孫彤), aged 46, joined the Group in May 2010 and was appointed as an Executive Director of the Issuer with effect from 27 March 2018. He is responsible for development and management of asset management business. He is also a member of Executive Committee of the Issuer and a director of certain subsidiaries of the Issuer, and serves as a responsible officer of Haitong International Investment Managers Limited and Haitong International Asset Management (HK) Limited under the Securities and Futures Ordinance. Mr. SUN graduated with a Bachelor Degree in Computer Science from Nanjing Normal University and obtained a MBA Degree from the Chinese University of Hong Kong. Mr. SUN joined Haitong Securities in 2000 and he is now a deputy general manager of Haitong International Holdings. Mr. SUN was appointed as a director of Chinese Asset Management Association of Hong Kong on 20 March 2020.

Non-executive Directors

LI Jun (李軍), aged 53, was appointed as a Non-executive Director of the Issuer on 19 October 2021. He has been the Chairman of the Board, and the chairman of the Nomination Committee and the Strategic Development Committee as well as a member of the Remuneration Committee of the Issuer. Mr. LI has master's degrees in business administration and public administration and management. He worked at the Shanghai Branch of China Pacific Insurance Co., Ltd. (中國太平洋保險公司) from July 1992 to February 2001, successively serving as a staff member, a deputy section chief and the section chief of the import division of the overseas business department, the section chief of the export division of the transportation insurance department and the section chief of business division I of the import and export department. He worked at China Pacific Property Insurance Co., Ltd. (中國太平洋財產保險股份有限公司) from March 2001 to January 2003, and successively served as the section chief of the office secretary division, a deputy manager of the Pudong sub-branch (responsible for daily operation), a deputy secretary and the secretary of the CPC Party branch. From January 2003 to May 2014, he worked at Shanghai Financial Services Office (上海市金融服務辦公室), and successively served as an officer and a principal staff member of the institution division, a deputy director of the institution division II, the director of the financial institution division II, and the director of the local financial management division. From December 2013 to May 2014, he served as a deputy secretary-general of the Management Committee of China (Shanghai) Free Trade Zone (中國(上海)自由貿易試驗區管委會) (temporary position). From May 2014 to September 2014, he served as a deputy secretary-general of the Management Committee of China (Shanghai) Free Trade Zone. From September 2014 to November 2018, he served as a deputy director of the Shanghai Financial Services Office. From November 2018 to August 2021, he served as a deputy director of the Shanghai Municipal Financial Regulatory Bureau (上海市地方金融監督管理局) and a deputy director of the Shanghai Financial Affairs Bureau (上海市金融工作局). Mr. LI has served as the member representative of council, the chairman of the Members' Self-Discipline and Management Committee (理事會會員自律管理委員會) and a member representative of ChiNext Market Stock Issuance Standardization Committee (創業板股票發行規範委員會) of Shenzhen Stock Exchange since November 2021. Mr. LI served as the chairman of the supervisory committee of the Listed Companies Association of Shanghai (上海上市公司協會) and the chairman of international cooperation committee of the Securities Association of China (中國證券業協會國際合作委員會) since January 2022. Mr. LI has served as the deputy secretary of CPC Committee of Haitong Securities since August 2021. He served as an executive director and the chairman of the compliance and risk control committee of the board, and the general manager of Haitong Securities since September and October 2021 respectively, and he served as the chairman of the board of directors of Haitong International Holdings since October 2021.

CHENG Chi Ming Brian (鄭志明), aged 40, joined the Group in June 2009 and was appointed as an Executive Director of the Issuer on 1 July 2009. He was re-designated as a Non-executive Director of the Issuer on 13 January 2010. Mr. CHENG is also a member of the Strategic Development Committee of the Issuer. Mr. CHENG holds a Bachelor of Science degree from Babson College in Massachusetts, U.S.A. Mr. CHENG is currently an executive director of NWS Holdings Limited (stock code: 659) and is mainly responsible for overseeing the infrastructure business and the merger and acquisition affairs of NWS Holdings Limited and its subsidiaries. He is also the chairman and a non-executive director of Integrated Waste Solutions Group Holdings Limited (stock code: 923), a non-executive director of Wai Kee Holdings Limited (stock code: 610) and a non-executive director of New World Development Company Limited (stock code: 17). The shares of all these companies are listed on the Hong Kong Stock Exchange. In addition, Mr. CHENG is also the chairman of Goshawk Aviation Limited, and a director of PBA International Pte. Ltd. Mr. CHENG is currently a member of the Thirteenth Shanghai Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr. CHENG has previously worked as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets.

ZHANG Xinjun (張信軍), aged 47, was appointed as a Non-executive Director of the Issuer on 27 March 2018 and is a member of Audit Committee and the Strategic Development Committee of the Issuer. Mr. ZHANG holds a postgraduate Master degree in Management from the Department of Accounting of Nankai University. He is a Senior Accountant in the People's Republic of China and has extensive experience in financial accounting, finance management and merger and acquisition. Mr. ZHANG joined the Issuer in March 2010 and was appointed as the Chief Financial Officer of the Issuer and was also a member of the Executive Committee of the Issuer. Prior to joining the Issuer, Mr. ZHANG worked at the Planning and Finance Department of Haitong Securities and has been the Chief Financial Officer of Haitong International Holdings since March 2009. He has been appointed as the Chief Financial Officer and a member of the assets and liabilities allocation committee of Haitong Securities and ceased to act as the Chief Financial Officer of the Issuer with effect from 27 March 2018. Mr. ZHANG has been appointed as a non-executive director of Haitong Bank since January 2018, and a director of Haitong Investment Ireland P.L.C since February 2020. All these companies are wholly-owned subsidiaries of Haitong International Holdings. He has been appointed as a director of Fullgoal Fund Management Co., Ltd, an affiliate of Haitong Securities, since February 2019.

Independent Non-executive Directors

WAN Kam To MH (尹錦滔), aged 70, was appointed as an Independent Non-executive Director of the Issuer on 19 June 2018 and is the chairman of the Audit Committee as well as a member of the Risk Committee of the Issuer. Mr. WAN graduated from the accountancy department of Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in 1975. He was a partner of PricewaterhouseCoopers where he worked for over 30 years and accumulated extensive experience in auditing, finance advisory and management. Mr. WAN is currently a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and has been appointed as the non-executive director of the Accounting and Financial Reporting Council with effect from 1 October 2019. Mr. WAN is also currently an independent non-executive director of various listed companies, namely A-Living Smart City Services Co., Ltd (stock code: 3319), China Resources Land Limited (stock code: 1109), Fairwood Holdings Limited (stock code: 52) and KFM Kingdom Holdings Limited (stock code: 3816). The shares of all these companies are listed on the Hong Kong Stock Exchange. He was previously an independent director of China World Trade Center Co., Ltd. (whose shares are listed on the SSE, stock code: 600007) from November 2016 to November 2022. Mr. WAN was also previously an independent non-executive director of Target Insurance (Holdings) Limited (whose shares are listed on the Stock Exchange, stock code: 6161) from November 2014 to August 2021. Mr. WAN was awarded the Medal of Honour by the Hong Kong SAR Government and conferred the degree of Doctor of Social Sciences by the Hong Kong Metropolitan University in 2022.

LIU Swee Long Michael (劉瑞隆), aged 62, was appointed as an Independent Non-executive Director of the Issuer on 28 May 2021 and is the chairman of the Remuneration Committee, a member of the Nomination Committee and the Risk Committee of the Issuer. Mr. LIU graduated from the London School of Economics and Political Science, University of London with a LLB Honour Degree in 1983. He qualified as a solicitor with Clifford Chance in London in 1986 and worked in the legal profession for over 30 years with a focus on mergers and acquisitions and capital markets. Mr. LIU retired in 2017. Previously, Mr. LIU was a partner with Latham & Watkins LLP for 6 years from 2009 during which he served as a Greater China practice co-chairman and the managing partner of Hong Kong office. From 1994 to 2008, Mr. LIU was a partner of Allen & Overy LLP during which he served as Asian corporate group head and was appointed as a member of global board of that firm. In his legal professional career from the 1980's, Mr. LIU advised on a number of high-profile projects including the establishment of the Central Clearing and Settlement System (CCASS), advised the Hong Kong SAR Government on the merger of the stock and future exchanges and the related clearing houses under the umbrella of The Hong Kong Exchanges and Clearing Limited, the initial public offerings (IPOs) of HKEx, BOC Hong Kong (Holdings) Limited, China Life Insurance Company Limited, Bank of China Limited and CITIC Securities Company Limited. Mr. LIU was previously a government-appointed director of Hong Kong Securities Clearing Company Limited, a member of Takeovers and Mergers Panel, a member of the Securities and Futures Appeals Tribunal, the chairman of Share Registrars' Disciplinary Committee of the Securities and Futures Commission, a member of the Council of the Law Society of Hong Kong and a member of Hong Kong Financial Market Cross-Industry Risk Management Committee.

ZHANG Huaqiao (張化橋), aged 60, was appointed as an Independent Non-executive Director of the Issuer on 28 May 2021 and is the chairman of the Risk Committee, a member of the Audit Committee and the Remuneration Committee of the Issuer. Mr. ZHANG graduated from the Graduate School of the head office of People's Bank of China with a master's degree in economics in 1986 and from the Australian National University with a master's degree in economics in 1991. From 1986 to 1989, Mr. ZHANG was employed at the head office of the People's Bank of China and from 1999 to 2006, Mr. ZHANG worked at the Equities Department of UBS AG, Hong Kong Branch at which he first served as the head of China research and later became co-head of China research. Mr. ZHANG was the chief operating officer and an executive director from 2006 to 2008 of Shenzhen Investment Limited (stock code: 604). The shares of this company are listed on the Hong Kong Stock Exchange. From 2008 to 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited. Mr. ZHANG is currently an advisor at NumaEx. Mr. ZHANG is also currently an independent non-executive director of various listed companies, namely Logan Group Company Limited (stock code: 3380), Luye Pharma Group Limited (stock code: 2186), Fosun International Limited (stock code: 656), Radiance Holdings (Group) Company Limited (stock code: 9993) and Zhong An Group Limited (stock code: 672). Mr. ZHANG previously served as an independent non-executive director of China Huirong Financial Holdings Limited (stock code: 1290) from 6 October 2013 to 28 May 2021. The shares of this company are listed on the Hong Kong Stock Exchange.

LEE Man Yuen Margaret (李文苑), aged 69, was appointed as an Independent Non-executive Director of the Issuer on 25 August 2021 and is a member of the Nomination Committee of the Issuer. Ms. LEE holds a Bachelor Degree of Commerce from University of Calgary. She has over 30 years of experience in banking industry. From 1987 to 2015, Ms. LEE worked at Standard Chartered Bank (Hong Kong) Limited, mainly responsible for corporate banking business. From 2016 to 2022, Ms. LEE was an independent non-executive director of Scotiabank (Hong Kong) Limited. Ms. LEE has been appointed as an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited since 11 April 2023. Ms. LEE is an executive committee member of the Belt and Road Youth Foundation Limited, honorary adviser of the Hong Kong Family Planning Association and committee member of project management committee for Project Aspire, The Education University of Hong Kong.

TAXATION

The following summary of certain Bermuda, Hong Kong and EU tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Notes.

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

Bermuda

Tax

Under current Bermuda legislation, there is no Bermuda withholding tax, capital gains tax, income or profits tax, capital transfer tax, estate duty or inheritance tax payable by the Issuer or any shareholders who are resident outside Bermuda. Furthermore, the Issuer has obtained from the Minister of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act, 1966 (as amended), an assurance that, in the event of there being enacted in Bermuda any legislation which in the future may impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to the Issuer, or to any of its operations, or to shares, debentures or other obligations of the Issuer except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by the Issuer in respect of real property owned or leased by the Issuer in Bermuda.

As an exempted company, the Issuer is exempt from all stamp duties except on transactions involving “Bermuda property”. This term relates essentially to real and personal property physically situated in Bermuda, including shares in local (as opposed to exempted) companies. None of the Issuer, its shareholders and the holders of the Notes, as the case may be (other than persons ordinarily resident in Bermuda), are subject to stamp duty or other similar duty in relation to the Notes (including the issue or transfer thereof).

Hong Kong

Withholding Tax

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

Profits Tax

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

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

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

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

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (Cap. 112) of Hong Kong (the “**Amendment Ordinance**”) came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Notes accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters. 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 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

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

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such 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.

The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (in December 2015 Estonia withdrew from the group of states willing to introduce the FTT) (the “**Participating Member States**”). However, Estonia has since stated that it will not participate.

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

However, the FTT proposal remains subject to negotiation between the Participating Member States and the legality of the proposal is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

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

FATCA Withholding

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 (including Bermuda and Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining “foreign passthru payment” and Notes 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. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

The Dealers have, in a dealer agreement dated 20 June 2014 as amended and restated on 31 July 2015, 13 July 2016, 28 June 2017, 30 May 2018, 3 June 2019, 19 June 2020, 28 June 2021, 27 June 2022 and 27 June 2023 and as further amended and/or supplemented from time to time (the “**Dealer Agreement**”), agreed with the Issuer, on a basis on which they or any of them may from time to time agree to subscribe for the Notes. Any such agreement will extend to those matters stated under “*Form of the Pricing Supplement*” and “*Terms and Conditions of the Notes*”. Under the terms of the Dealer Agreement, the Issuer will pay each relevant Dealer a commission as agreed between them in respect of the 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 any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

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

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of their business.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer or its subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

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

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) 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 and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities

activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of the Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of the Notes.

In connection with an issue of the Notes under the Programme, the Issuer may, pursuant to the subscription agreement relating to such issue, agree to pay, through the Dealers, a commission to certain private banks based on the principal amount of the Notes purchased by the clients of such private banks. If such commission is payable, it shall be specified in the Pricing Supplement relating to such issue of the Notes.

Selling Restrictions

United States of America

This paragraph shall apply in respect of any Notes the Pricing Supplement for which specifies that “Regulation S Category 1” applies. The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented that it has not offered or sold the Notes, and agreed that it will not offer or sell, any Notes constituting part of its allotment in the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meaning given to them by Regulation S.

This paragraph shall apply in respect of any Notes the Pricing Supplement for which specifies that “Regulation S Category 2” applies. The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold, and shall offer and sell, any Series (1) as part of their distribution at any time and (2) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuer and each relevant Dealer, by the Fiscal Agent or, the Lead Manager, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S. Each Dealer agrees to notify the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager when it has completed the distribution of its portion of the Notes of any identifiable tranche so that the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager may determine the completion of the distribution of all Notes of that tranche and notify the other relevant Dealers of the end of the distribution compliance period. Each Dealer agrees 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 registered under the U.S. Securities Act of 1933 as amended, (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 an identifiable tranche of Notes of which such Notes are a part, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act.”

Unless the Pricing Supplement 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 has represented and agreed in relation to each Tranche of Notes in bearer form:

- (i) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (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;
- (ii) 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 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;
- (iii) 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); and
- (iv) 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 (a) repeats and confirms the representations contained in sub-paragraphs (i), (ii) and (iii) on behalf of such affiliate or (b) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in sub-paragraphs (i), (ii) and (iii).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

To the extent that the Pricing Supplement 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) (the “**C Rules**”), 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 has represented and agreed 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 their original issuance of Notes in bearer form, it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it 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 U.S. Internal Revenue Code of 1986 and regulations thereunder, including the C Rules.

European Economic Area

Unless the relevant Pricing Supplement in respect of any Notes specifies the “*Prohibition of Sales to EEA Retail Investors*” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

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

If the Pricing Supplement in respect of any Notes specifies “*Prohibition of Sales to EEA Retail Investors*” as “Not Applicable”, in relation to each Member State of the European Economic Area (each, a “**Member State**”), 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 made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) *Approved prospectus*: if the Pricing Supplement or supplemental offering circular in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Relevant State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus (which is not a supplemental offering circular) has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) *Fewer than 150 offerees*: at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other Exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the relevant Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the 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 EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where the 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 UK Prospectus Regulation; and

- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (i) *Approved Prospectus*: if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Article 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (ii) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (iii) *Fewer than 150 offerees*: at any time to fewer than 150 persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) *Other Exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

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

- (a) *No deposit-taking*: 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:
- (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
- (B) 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) *Financial promotion*: 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.
- (c) *General compliance*: 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 to be issued by the Issuer under the Programme, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 the Laws 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 the Laws of Hong Kong) (the “**CWUMPO**”) or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the SFO and any rules made under the SFO.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered or sold directly or indirectly in the People’s Republic of China (the “**PRC**”) (which, for the sole purpose herein, does not include Hong Kong, Macau or Taiwan). This Offering Circular, the Notes and any material or information contained or incorporated by reference herein relating to the Notes have not been, and will not be, submitted to or approved/verified by or registered with the CSRC or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be invested by PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. PRC investors are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from the People’s Bank of China, the State Administration of Foreign Exchange, CSRC, the China Banking and Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

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 (the “**MAS**”). Accordingly, 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 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 (2020 Revised Edition) 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 interest (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 Derivative Contracts) Regulations 2018.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”). Accordingly, each of the Dealers 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, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Taiwan

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver, at any time, directly or indirectly, any Notes acquired by it as part of the offering in Taiwan, or to, or for the account or benefit of, any resident of Taiwan.

Bermuda

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, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes to any person, firm or company regarded as a resident of Bermuda for exchange control purposes.

Important Notice to CMIs (including private banks) Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any EU MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Dealer(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Dealers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “**Person**”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: https://eeas.europa.eu/headquarters/headquartershomepage_en/8442/Consolidated%20list%20of%20sanctions); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “**SSI List**”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “**EU Annexes**”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military- Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned

country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic. "Sanctions Authority" means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

General

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and any applicable Pricing Supplement and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer and any other Dealer shall have any responsibility therefor.

None of the Issuer or any of the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the applicable Pricing Supplement.

GENERAL INFORMATION

1. **Listing of Notes:** Application has been made to the HKSE for the listing of the Programme under which notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the HKSE. Separate application will be made for the listing of Notes issued under the Programme on HKSE. Notes listed on the HKSE will be traded on the HKSE in a board lot size of at least HK\$500,000 (or its equivalent in other currencies). The issue price of Notes listed on the HKSE 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 next business day following the date of listing of the relevant Notes.
2. **LEI:** The Issuer's Legal Entity Identifier (LEI) is 549300Q1JC7X89PPGN26.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme. The update of the Programme was authorised by resolutions of the board of directors of the Issuer dated 27 June 2023.
4. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Issuer or the Group since 31 December 2022.
5. **Litigation:** Neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings that the Issuer or believes are material in the context of the Notes nor is the Issuer aware that any such proceedings are pending or threatened.
6. **Bearer Notes, Receipts, Coupons and Talons:** Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165 and 1287(a) of the Internal Revenue Code".
7. **Clearing of the Notes:** The Notes may be accepted for clearance through Euroclear, Clearstream and the CMU. The appropriate ISIN and common code or CMU Instrument Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. If the Notes are to be cleared through any additional or alternative Clearing System, the appropriate information will be specified in the applicable Pricing Supplement.
8. **Available Documents:** For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available on prior written request and satisfactory proof of holding and identity by Noteholders, during usual business hours (being 9:00 a.m. to 3:00 p.m.) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection (i) at the specified offices of the Paying Agent, being at the date of this Offering Circular at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong or (ii) electronically via email from the Paying Agent:
 - (i) the Agency Agreement (which includes the form of the Global Notes, the Notes in definitive form, the Coupons, the Receipts and the Talons);
 - (ii) the Deed of Covenant;
 - (iii) the Memorandum of Association and Bye-laws of the Issuer;
 - (iv) copies of the Issuer's audited consolidated financial statements as at, and for, the years ended 31 December 2021 and 2022;

- (v) each Pricing Supplement (save that a Pricing Supplement related 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
 - (vi) a copy of this Offering Circular together with any supplement to this Offering Circular and any other documents incorporated herein or therein referenced.
9. **Audited Financial Statements:** The Issuer's audited consolidated financial statements as at, and for, the years ended 31 December 2021 and 2022, which are incorporated by reference in this Offering Circular, have been audited by Deloitte Touche Tohmatsu Certified Public Accountants, as stated in its report appearing herein.

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