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本公告及隨附的上市文件乃按香港聯合交易所有限公司證券上市規則（「上市規則」）規定僅供參考之用，並不構成收購、購買或認購任何證券的邀請或要約。本公告及本文所述任何內容（包括隨附的上市文件）並非任何合同或承諾的依據。為免生疑，刊發本公告及隨附的上市文件不應被視為就香港法例第32章公司（清盤及雜項條文）條例而言由本行（定義見下文）或其代表刊發的招股章程提出的證券發售要約，亦不屬於香港法例第571章證券及期貨條例所指其中載有向公眾人士發出邀請以訂立或發出要約以訂立有關購買、出售、認購或承銷證券的協議的廣告、邀請或文件。

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香港投資者謹請注意：就任何將於香港聯合交易所上市的票據，本發行人確認票據擬僅供專業投資者（定義見上市規則第37章）購買，並將按該基準於香港聯合交易所上市。因此，本發行人確認票據不適合作為香港零售投資者之投資。投資者應審慎考慮所涉及的風險。

## 刊發發售通函



**HAITONG INTERNATIONAL SECURITIES GROUP LIMITED**

**海通國際證券集團有限公司**

（於百慕達註冊成立的有限公司）

（股份代號：665）

（「發行人」）

**5,000,000,000 美元中期票據計劃**

安排人

海通國際

交易商

海通國際

滙豐

本公告乃根據香港聯合交易所有限公司證券上市規則第37.39A條刊發。

茲提述發行人於2021年6月28日刊發有關發行5,000,000,000美元中期票據計劃(「計劃」)於香港聯合交易所有限公司上市的通知。

請參閱本公告隨附日期為2021年6月28日與計劃相關的發售通函(「發售通函」)。發售通函僅以英文刊發，並無刊發發售通函的中文版。誠如發售通函披露，根據計劃將予發行的票據僅供專業投資者(定義見上市規則第37章)購買，並將按該基準於香港聯合交易所上市。

發售通函並不構成向任何司法權區的公眾提呈出售任何證券的招股章程、通告、通函、宣傳冊或廣告，且並非向公眾發出邀請以就認購或購買任何證券作出要約，亦非供傳閱以邀請公眾就認購或購買任何證券作出要約。

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承董事會命  
海通國際證券集團有限公司  
公司秘書  
盧偉浩

香港，2021年6月29日

於本公告日期，發行人的董事會由瞿秋平先生(主席)\*、林涌先生(副主席兼行政總裁)、李建國先生(副主席)、潘慕堯先生、孫劍峰先生、孫彤先生、鄭志明先生\*、張信軍先生\*、尹錦滔先生\*\*、劉艷女士\*\*、劉瑞隆先生\*\*及張化橋先生\*\*組成。

\* 非執行董事

\*\* 獨立非執行董事

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## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

**IMPORTANT: You must read the following before continuing.** If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering circular following this page (the “**Offering Circular**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER SECURITIES, DELIVERED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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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 director, officer, employee or agent or affiliate 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 of Notes, registration will be completed by the Issuer pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “NDRC Circular”) issued by the National Development and Reform Commission of the PRC (as defined below) (the “NDRC”) on 4 September 2015 which came into effect on the same day, 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 Circular.

Application has been made to The Stock Exchange of Hong Kong Limited (the “HKSE”) for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“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 are intended for purchase by Professional Investors only and 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.

**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 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 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 (as defined in “Summary of the Programme”) 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 (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 (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. 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 (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 Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. 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.

**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 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.

**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE** – The Pricing Supplement in respect of any Notes may include a legend entitled “Singapore Securities and Futures Act Product Classification” which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”). The Issuer will make a determination and provide the appropriate written notification to “relevant persons” in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and 309B(1)(c) of the SFA.

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 depositary 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. 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 28 June 2021



The Issuer, having made all reasonable enquiries, confirms that to the best of its knowledge and belief (i) this Offering Circular contains all material information with respect to the Issuer and the Group (as defined in this Offering Circular) and the Notes, (ii) all statements of fact relating to the Issuer, the Group, and the Notes contained in this Offering Circular are in every material particular true and accurate and not misleading in any material respect, and that there are no other facts in relation to the Issuer, the Group, and the Notes, the omission of which would in the context of the issue of the Notes make any statement in this Offering Circular misleading in any material respect, (iii) the statements of intention, opinion, belief or expectation with regard to the Issuer and the Group contained in this Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions, and (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such statements.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKSE Rules**”) for the purposes of giving information with regard to the Issuer, the Group, the Programme and the Notes. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquires, 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 “*Terms and Conditions of the Notes*” 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 of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The 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 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 and affiliates have independently verified any of the information contained 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 or affiliates as to the accuracy, completeness or sufficiency of the information contained or incorporated 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 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 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 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 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 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 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 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. 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 (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 Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**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 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.

**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE** – The Pricing Supplement in respect of any Notes may include a legend entitled “Singapore Securities and Futures Act Product Classification” which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”). The Issuer will make a determination and provide the appropriate written notification to “relevant persons” in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and 309B(1)(c) of the SFA.



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 the “**PRC**” are to the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, to “**Hong Kong dollars**”, “**HK dollars**” 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 “**£**” 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 OVERALLOTMENT 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 Bonds.

In this Offering Circular, references to:

- “**A share(s)**” are to shares that denominated and traded in Renminbi
- “**associate(s)**” are to the meaning ascribed to it under the Listing Rules
- “**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 TARGET System is operating (a “**TARGET Business Day**”); and/or
  - (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
  - (iv) in the case of a currency and/or one or more Business Centres 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
- “**CSI 300 Index**” are to a capitalisation-weighted stock market index designed to replicate the performance of 300 stocks traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which is compiled by the China Securities Index Company, Ltd. (中證指數有限公司)
- “**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
- “**ETFs**” are to the exchange-traded funds
- “**EU**” are to European Union
- “**FICC**” are to fixed income, currency and commodities
- “**FTT**” are to financial transactions tax
- “**GRM**” are to the Group Risk Management Department
- “**Group**” are to the Issuer and its subsidiaries
- “**Haitong Group**” are to Haitong Securities and its subsidiaries excluding the Group

- **“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)
- **“Haitong UK”** are to Haitong (UK) Limited, a wholly-owned subsidiary incorporated in the United Kingdom of the Company and a subsidiary of Haitong Bank, S.A. before the acquisition by the Company, 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 Company and a subsidiary of Haitong Bank, S.A. before the acquisition of the Company
- **“HK\$”, “HKD” or “HK dollars”** are to Hong Kong dollars, the lawful currency of Hong Kong
- **“HKEx”** are to Hong Kong Exchanges and Clearing Limited
- **“HKFRS”** are to Hong Kong Financial Reporting Standards
- **“HKICPA”** are to Hong Kong Institute of Certified Public Accountants
- **“Hong Kong Stock Exchange” or “HKSE”** are to The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
- **“IPO”** are to initial public offering
- **“Issuer” or “Haitong International Securities” or “Company”** 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 64.40% equity interest through Haitong Securities’ wholly-owned subsidiary, Haitong International Holdings, as of 31 December 2019
- **“IT”** are to information technology
- **“Korea”** are to the Republic of Korea
- **“Listing Rules”** are to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
- **“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
- **“NYSE”** are to The New York Stock Exchange
- **“QFII”** are to Qualified Foreign Institutional Investor (合格境外機構投資者)
- **“Regulation S”** are to Regulation S under the U.S. 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.

- “**SAFE**” are to State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
- “**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
- “**SGD**” are to Singapore dollars, the lawful currency of Singapore
- “**SGX**” are to Singapore Exchange Limited
- “**Shanghai Stock Exchange**” 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 (大福證券集團有限公司), 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
- “**U.S. Securities Act**” are to the United States Securities Act of 1933, as amended, and the rules and regulations promulgated

*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), other than the unaudited and unreviewed consolidated financial statements as of and for the three months ended 31 March 2021 of the Issuer,

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 of, and for, the years ended 31 December 2018, 2019 and 2020 have been extracted from the audited consolidated financial statements as of, and for, the years ended 31 December 2019 and 2020 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 the 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**

Haitong International Securities 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. Haitong International Securities strives to serve as a bridge linking up the PRC and overseas capital markets.

As at the date of this Offering Circular, Haitong International Securities is well-positioned to serve corporate, institutional, as well as retail and 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, institutional clients and investment businesses. Haitong International Securities possesses a sound risk management system that is in line with international standards. It was assigned a “Baa2” long-term issuer rating and a “BBB” long-term credit rating by Moody’s and S&P, respectively.

Haitong International Securities 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;
- Strong local market expertise with a substantial and stable customer base in the Greater China Region;
- 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 and stable 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 the simplified corporate structure of the Group as at 31 December 2020:



*Note:* This chart is a simplified corporate structure chart and some intermediate companies are not shown.



## 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 “Terms and Conditions of the Notes”.*

**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. References in this Offering Circular to “**Dealers**” are to all persons appointed as a dealer in respect of one or more Tranches or the 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 Financial Services and Markets Act 2000 (“**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 Service.

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 Service 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.

<b>Clearing Systems:</b>	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.
<b>Initial Delivery of Notes:</b>	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 depositary 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.
<b>Currencies:</b>	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.
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer(s).
<b>Specified Denomination:</b>	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).
<b>Fixed Rate Notes:</b>	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.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(ii) by reference to LIBOR, EURIBOR, HIBOR, CNH HIBOR or SHIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or</li> </ul>

	<p>(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer.</p> <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
<b>Zero Coupon Notes:</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
<b>Dual Currency Notes:</b>	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.
<b>Interest Periods and Interest Rates:</b>	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.
<b>Partly Paid Notes:</b>	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.
<b>Redemption:</b>	<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>
<b>Optional Redemption:</b>	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.
<b>Change of Control Redemption:</b>	The terms of the Notes will contain a provision for the early redemption of the Notes at the option of the holders thereof upon the occurrence of a Change of Control as further described in “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ”.

<b>Tax Redemption:</b>	Notes will be redeemable at the Issuer's option prior to maturity for tax reasons as described in " <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ".
<b>Status of Notes:</b>	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 <i>pari passu</i> 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.
<b>Negative Pledge:</b>	The Notes will contain a negative pledge provision as described in Condition 4.
<b>Withholding Tax:</b>	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.
<b>Governing Law:</b>	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.
<b>Listing:</b>	<p>Application has been made for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period after the date of this 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.</p> <p>Unlisted Notes may also be issued.</p> <p>The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).</p> <p>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).</p>



<b>Selling Restrictions:</b>	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including 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 “ <i>Subscription and Sale</i> ”.
<b>United States Selling Restrictions:</b>	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.
<b>Distribution:</b>	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.
<b>Redemption by Installments:</b>	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.
<b>Other Notes:</b>	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.
<b>Event of Default:</b>	The terms of the Notes contain certain events of default provisions as further described in Condition 10.
<b>Cross Default:</b>	The terms of the Notes contain a cross default provision as further described in Condition 10(c).
<b>Rating:</b>	<p>The Programme is expected to be rated “BBB” by S&amp;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&amp;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 2018, 2019 and 2020 set forth below is derived from the Group's published audited consolidated financial statements as at and for the year ended 31 December 2019 and 2020. 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 year ended 31 December 2019 and 2020 have been prepared and presented in accordance with HKFRSs and have been audited by Deloitte Touche Tohmatsu, the Group's independent auditor.

### Consolidated Statement of Profit or Loss

	For the year ended 31 December			
	2018	2019	2020	2020
	HK\$'000	HK\$'000	HK\$'000	US\$'000
	(audited)	(audited)	(audited)	(translated)
<b>Revenue</b>				
Commission and fee income . . . . .	2,164,616	2,291,922	2,864,575	369,460
Interest income . . . . .	2,575,717	2,941,593	2,464,585	317,872
Net trading and investment income . . . . .	1,588,449	3,010,459	3,000,587	387,003
	6,328,782	8,243,974	8,329,747	1,074,335
Other income and gains or losses . . . . .	28,868	(38,809)	(97,311)	(12,551)
	6,357,650	8,205,165	8,232,436	1,061,784
Staff costs (Note) . . . . .	(1,154,662)	(1,380,918)	(1,564,995)	(201,846)
Commission expenses . . . . .	(254,517)	(179,351)	(257,958)	(33,270)
Amortisation and depreciation . . . . .	(98,144)	(225,566)	(252,091)	(32,514)
Operating expenses . . . . .	(731,825)	(804,439)	(726,174)	(93,659)
Finance costs . . . . .	(2,473,278)	(3,129,773)	(2,144,511)	(276,590)
Share of results of investments accounted for using the equity method . . . . .	(226,869)	–	–	–
Impairment charges, net of reversal . . . . .	(238,771)	(634,489)	(986,115)	(127,185)
<b>Profit before tax</b> . . . . .	1,179,584	1,850,629	2,300,592	296,720
Income tax expense . . . . .	(156,746)	(299,771)	(367,715)	(47,426)
<b>Profit for the year attributable to owners of the Company</b> . . . . .	1,022,838	1,550,858	1,932,877	249,294
<b>Earnings per share attributable to owners of the Company</b>				
– Basic (HK cents per share) . . . . .	18.25	26.85	32.97	4.25
– Diluted (HK cents per share) . . . . .	17.27	26.45	32.85	4.24

Note: The line item named “salaries and allowances, bonuses and pension” used in the audited consolidated financial statements for the years ended 31 December 2018 and 2019 has been renamed as “staff costs” in the audited consolidated financial statements for the year ended 31 December 2020.

# **Consolidated Statement of Profit or Loss and other Comprehensive Income**

	For the year ended 31 December			
	2018	2019	2020	2020
	HK\$'000	HK\$'000	HK\$'000	US\$'000
	(audited)	(audited)	(audited)	(translated)
<b>Profit for the year attributable to owners of the Company</b> . . . . .	1,022,838	1,550,858	1,932,877	249,294
<b>Other comprehensive (expense) income:</b>				
<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 . . . . .	–	(11,077)	(52,380)	(6,756)
<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 . . . . .	–	(847)	(29,633)	(3,822)
Changes in fair value of derivatives designated as cash flow hedge . . . . .	7,169	–	–	–
Exchange differences on translating foreign operations . . . . .	(122,578)	(27,100)	(30,438)	(3,925)
<b>Other comprehensive expense for the year</b> . . .	(115,409)	(39,024)	(112,451)	(14,503)
<b>Total comprehensive income for the year attributable to owners of the Company</b> . . . .	<u>907,429</u>	<u>1,511,834</u>	<u>1,820,426</u>	<u>234,791</u>

# Consolidated Statement of Financial Position

As at 31 December

	2018			2019			2020			2020		
	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	US\$'000	US\$'000	US\$'000
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(translated)	(translated)	(translated)
<b>ASSETS</b>												
Cash and cash equivalents . . . . .	7,088,829	–	7,088,829	4,269,608	–	4,269,608	4,334,925	–	4,334,925	559,100	–	559,100
Cash held on behalf of customers . . . . .	15,998,360	–	15,998,360	15,134,126	–	15,134,126	19,553,711	–	19,553,711	2,521,953	–	2,521,953
Financial assets held for trading and market making activities . . . . .	34,314,567	–	34,314,567	28,459,878	–	28,459,878	10,590,827	–	10,590,827	1,365,959	–	1,365,959
Investment securities . . . . .	10,295,263	15,850,602	26,145,865	19,191,146	18,389,524	37,580,670	31,499,248	15,267,263	46,766,511	4,062,637	1,969,106	6,031,743
Assets acquired for financial products issued . . . . .	25,484,416	2,268,434	27,752,850	29,756,276	2,629,569	32,385,845	26,532,975	5,279,720	31,812,695	3,422,108	680,955	4,103,063
Derivative financial instruments . . . . .	540,563	–	540,563	340,153	–	340,153	732,110	–	732,110	94,424	–	94,424
Advances to customers (Note 1) . . . . .	–	–	–	19,469,052	1,114,087	20,583,139	15,980,978	231,403	16,212,381	2,061,157	29,845	2,091,002
Advances to customers in margin financing (Note 1) . . . . .	15,952,460	–	15,952,460	–	–	–	–	–	–	–	–	–
Advances to customers for merger and acquisition activities (Note 1) . . . . .	2,477,467	1,094,666	3,572,133	–	–	–	–	–	–	–	–	–
Asset-backed financing to customers (Note 1) . . . . .	5,113,873	224,744	5,338,617	–	–	–	–	–	–	–	–	–
Cash collateral on securities borrowed and reverse repurchase agreements (Note 2) . . . . .	–	–	–	5,324,550	–	5,324,550	7,738,041	–	7,738,041	998,019	–	998,019
Reverse repurchase agreements . . . . .	4,343,561	–	4,343,561	–	–	–	–	–	–	–	–	–
Accounts receivable . . . . .	6,968,476	–	6,968,476	8,683,114	–	8,683,114	5,576,807	–	5,576,807	719,272	–	719,272
Tax recoverable . . . . .	213,656	–	213,656	230,117	–	230,117	432,569	–	432,569	55,791	–	55,791
Prepayments, deposits and other receivables . . . . .	1,529,261	53,050	1,582,311	1,687,520	75,261	1,762,781	1,047,322	59,131	1,106,453	135,079	7,626	142,705
Investments accounted for using the equity method . . . . .	–	154,440	154,440	–	–	–	–	–	–	–	–	–
Goodwill and other intangible assets . . . . .	–	473,391	473,391	–	485,916	485,916	–	480,148	480,148	–	61,927	61,927
Other assets . . . . .	–	76,296	76,296	–	103,128	103,128	–	198,051	198,051	–	25,544	25,544
Investment property . . . . .	–	231,539	231,539	–	192,471	192,471	–	70,078	70,078	–	9,038	9,038
Property and equipment . . . . .	–	420,968	420,968	–	706,275	706,275	–	812,208	812,208	–	104,755	104,755
Deferred tax assets . . . . .	–	12,203	12,203	–	32,731	32,731	–	25,001	25,001	–	3,225	3,225
<b>Total assets</b> . . . . .	<b>130,320,752</b>	<b>20,860,333</b>	<b>151,181,085</b>	<b>132,545,540</b>	<b>23,728,962</b>	<b>156,274,502</b>	<b>124,019,513</b>	<b>22,423,003</b>	<b>146,442,516</b>	<b>15,995,499</b>	<b>2,892,021</b>	<b>18,887,520</b>

As at 31 December												
	2018			2019			2020			2020		
	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	US\$'000	US\$'000	US\$'000
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(translated)	(translated)	(translated)
<b>LIABILITIES AND EQUITY</b>												
<b>Liabilities</b>												
Financial liabilities held for trading and market making activities . . . . .	4,405,866	–	4,405,866	1,945,382	–	1,945,382	4,067,271	–	4,067,271	524,579	–	524,579
Financial products issued at fair value . . . . .	13,315,922	638,846	13,954,768	17,103,333	1,926,905	19,030,238	15,619,109	816,545	16,435,654	2,014,485	105,314	2,119,799
Derivative financial instruments . . . . .	505,496	–	505,496	545,139	–	545,139	819,725	–	819,725	105,725	–	105,725
Cash collateral on securities lent and repurchase agreements (Note 2) . . . . .	–	–	–	27,455,006	–	27,455,006	10,680,425	–	10,680,425	1,377,515	–	1,377,515
Repurchase agreements . . . . .	24,089,043	–	24,089,043	–	–	–	–	–	–	–	–	–
Accounts payable . . . . .	20,974,552	–	20,974,552	19,107,219	–	19,107,219	22,921,539	–	22,921,539	2,956,321	–	2,956,321
Bank borrowings . . . . .	33,776,139	–	33,776,139	36,872,917	–	36,872,917	38,015,606	–	38,015,606	4,903,089	–	4,903,089
Debt securities in issue . . . . .	15,803,992	9,243,635	25,047,627	12,791,450	8,626,979	21,418,429	6,301,361	11,568,173	17,869,534	812,722	1,492,013	2,304,735
Other liabilities arising from consolidation of investment funds . . . . .	483,781	–	483,781	421,238	–	421,238	5,071,585	–	5,071,585	654,111	–	654,111
Tax payable . . . . .	260,633	–	260,633	559,082	–	559,082	479,154	–	479,154	61,799	–	61,799
Other payables, accruals and other liabilities . . . . .	1,259,472	586,189	1,845,661	1,660,778	199,498	1,860,276	1,542,931	197,348	1,740,279	199,001	25,453	224,454
Deferred tax liabilities . . . . .	–	27,182	27,182	–	28,995	28,995	–	24,575	24,575	–	3,170	3,170
<b>Total liabilities</b> . . . . .	114,874,896	10,495,852	125,370,748	118,461,544	10,782,377	129,243,921	105,518,706	12,606,641	118,125,347	13,609,347	1,625,950	15,235,297
<b>Equity</b>												
Share capital . . . . .	–	–	578,975	–	–	594,058	–	–	603,603	–	–	77,850
Reserves . . . . .	–	–	25,150,306	–	–	26,181,078	–	–	27,007,350	–	–	3,483,291
Proposed dividends . . . . .	–	–	81,056	–	–	255,445	–	–	706,216	–	–	91,085
<b>Total shareholders' equity</b> . . . . .	–	–	25,810,337	–	–	27,030,581	–	–	28,317,169	–	–	3,652,226
<b>Total liabilities and shareholders' equity</b> . . . . .	–	–	151,181,085	–	–	156,274,502	–	–	146,442,516	–	–	18,887,523
<b>Net current assets</b> . . . . .	–	–	15,445,856	–	–	14,083,996	–	–	18,500,807	–	–	2,386,152

**Note 1:** To better reflect the business operations and activities of the Group in relation to advances to customers, the directors of the Company decided to present and group the “Advances to customers in margin financing”, “Advances to customers for merger and acquisition activities” and “Asset-backed financing to customers” under “Advances to Customers” in the consolidated statement of financial position from 2019 onward. There is no financial impact on the consolidated statement of financial position.

**Note 2:** As at 31 December 2019, cash collateral on securities borrowed and lent were presented in “accounts receivable” and “accounts payable” respectively. For the year ended 31 December 2020, the Group revisited the business model of its trading and market making activities and financial product issuance activities and considered that the cash collateral on securities borrowed and lent shall be presented together with “reverse repurchase agreements” and “repurchase agreements” respectively to better reflect the proximity of the business model. Accordingly, certain financial data related thereto in the audited consolidated financial statements as at 31 December 2019 has been restated for comparative purposes as reflected in the tables above.



## 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, institutional clients 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 three years. For example, SSE Composite Index kept rising from 3,234.68 as at the end of 2014 and peaked at 5,166.35 in 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 hikes by the U.S. government, currency depreciations of emerging markets, escalated China-U.S. trade friction and the recent outbreak of coronavirus ("COVID-19"). Hardly hit by the COVID-19 in 2020, 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 in this world threw out jumbo size easing policies. Upheld by such bailout, the stock markets around the world rebounded with fierce rally of prices for all kinds of assets. Three major stock indexes hit record highs one after another. The recovery of the virus-plagued global economy was pale in contrast when compared with the stock markets. The asset prices are greatly divergent with the economic fundamentals. 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 and uncertainties surrounding the terms of the withdrawal, China-U.S. trade friction and the escalation of bilateral tariffs on imports imposed by both countries, and the recent outbreak of COVID-19 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 HKSE Rules and The Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"). 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 Company'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.

***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 2019 and 2020, revenue from the Group's wealth management business accounted for 25.3% and 23.9% of total revenue, 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 incur substantial losses in connection with its FICC business***

In 2017, the Group has merged its previous FICC segment and institutional equities segment into the new institutional clients segment. For the years ended 31 December 2019 and 2020, revenue generated from the Group's FICC business accounted for 15.4% and 6.8% of its total revenue, respectively. As each type of product the Group trades presents a different risk and return profile, it is exposed to risks that are specific to each investment product, and the Group could incur substantial losses from its investments.

***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, institutional clients 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, New York, London, Tokyo and Mumbai; in 2017, the Group purchased the entire share capitals of Haitong UK and Haitong USA from Haitong Bank, S.A 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 Company 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 plan 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 holds 64.91% interests in the Company through its wholly-owned subsidiary Haitong International Holdings as at 31 December 2020, 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, institutional clients and financial products and services 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 may also affect stock market performance and general market sentiment, hence causing indirect adverse impact on the Group's business performance.

***Our unaudited and unreviewed consolidated financial statements as of and for the three months ended 31 March 2021 have not been audited or reviewed by our auditor and are not contained in and do not form part of this offering circular***

On 28 April 2021, we published our 31 March Financial Statements on HKEX's website. The 31 March Financial Statements have not been audited or reviewed by our independent accountants, or any other independent accountants and may be subject to adjustments if audited and reviewed. The 31 March Financial Statements are not included in and do not form a part of this offering circular except to the extent set out under the subtitle "*Recent Development – Financial results as of and for the three months ended 31 March 2021*". Consequently, such financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor and potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. In addition, the 31 March Financial Statements should not be taken as an indication of our expected financial condition or results of operations for the full financial year ending 31 December 2021.

***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 on-going COVID-19 outbreak on a global scale has resulted in increased travel restrictions and extended shutdown of some businesses, which may result in adverse impact on the Group's businesses. The occurrence of such 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. Our businesses include wealth management, corporate finance, asset management, institutional clients and investment, our financial performance highly correlates with the performance of the financial markets. Since the outbreak of COVID-19, prices of equity and debt securities, including equity and/or debt securities that the Group has invested in, have fluctuated 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 maximize 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 and the Economic Substance Amendment (No. 2) Act 2019 on 28 June 2019 and 24 December 2019 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 center, 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 Bonds***

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 Company as the issuer of the Bonds. 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 Bonds or the principal amount of, or interest on, the Bonds, and powers to amend or alter the contractual provisions of the Bonds, all of which may adversely affect the value of the Bonds, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of Bonds (whether senior or subordinated) may become subject to and bound by the FIRO.



## **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 under "*Terms and Conditions of the Notes*"), 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 of the Notes 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 the 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 depositary for Euroclear and Clearstream, Luxembourg, or lodged with a sub-custodian for the CMU (each of Euroclear, Clearstream, Luxembourg and the CMU, a “**Clearing System**”). 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 LIBOR and EURIBOR, may be discontinued or reformed in the future – including phasing-out of LIBOR after 31 December 2021 or 30 June 2023.***

Interest rates and indices such as the London Interbank Offered Rate (“**LIBOR**”), 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 European Union (Withdrawal) Act 2018 (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 LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the 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. Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (“**FCA**”) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and confirmed on 5 March 2021 that most LIBOR benchmark tenors would cease or cease to be representative benchmarks from 31 December 2021 or (in the case of certain tenors of USD LIBOR only) from 30 June 2023. On 5 March 2021, the administrator for LIBOR (the ICE Benchmark Administration or IBA) similarly announced that it would cease the publication of the relevant LIBOR settings on 31 December 2021 or 30 June 2023, unless the FCA exercises its proposed new powers (which are included in the current UK Financial Services Bill as proposed amendments to the UK Benchmarks Regulation) to require the IBA to continue publishing such LIBOR settings using a changed methodology (also known as a “synthetic” basis). Such announcements indicate that LIBOR will not continue in its current form and the FCA announcement of 5 March 2021 indicated that it is currently contemplating that any “synthetic” basis, if adopted, would be limited to a small number of currencies and settings.

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

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (“**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, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and 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 LIBOR or EURIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR or EURIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which LIBOR or EURIBOR is to be determined under the Terms and Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for LIBOR or 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 LIBOR or 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 value of, and return on, Floating Rate Notes linked to or referencing LIBOR or other similar indices may be adversely affected in the event of a permanent discontinuation of LIBOR or other similar indices***

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

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of LIBOR (or other similar indices)), the Rate of Interest may revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before LIBOR (or other similar indices) was discontinued, and if LIBOR (or other similar indices) is discontinued permanently, the same Rate of Interest will continue to be the Rate of Interest for each successive Interest Period until the maturity of the Floating Rate Notes, so that the Floating Rate Notes will, in effect, become fixed rate notes utilising the last available LIBOR (or other similar indices) rate. In the event that a published LIBOR (or other similar indices) rate is unavailable after 2021 and banks are unwilling to provide quotations for the calculation of LIBOR (or other similar indices), the rate of interest on the Notes will become fixed and the value of the Notes may be adversely affected. Uncertainty as to the continuation of LIBOR (or other similar indices), the availability of quotes from reference banks, and the rate that would be applicable if LIBOR (or other similar indices) is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is a “LIBOR” (or other similar indices) Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If LIBOR (or other similar indices) is permanently discontinued and the relevant screen rate or, failing that, quotations from banks are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

***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 LIBOR, 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 outward 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 by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, 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 subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items being developed gradually.

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle crossborder transactions were implemented by the People’s Bank of China (the “**PBOC**”) in 2018, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes introduced in Hong Kong and other jurisdictions 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 outward from the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the Renminbi Notes.

*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 in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), including, but not limited to, Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC is limited.



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. The Renminbi Clearing Banks only have 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, 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.

***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 and is affected by changes in the PRC and international political and economic conditions and by many 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 depositary for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU or a common depositary 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, Luxembourg or the CMU or the Alternative Clearing System, or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including, but not limited to, in any other currency, by bank notes, by cheques or drafts or by transferring to a bank account in the PRC).

***If the Issuer does not satisfy 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 Terms and Conditions of the Notes 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 upon the occurrence of which the Notes will be immediately repayable). See "*Terms and Conditions of the Notes – Events of Default*".

***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

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

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [●] 2021 [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 [●] 2021 [, 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, “**EU 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 EU 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**”) 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, “**EU 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 “**EU 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 EU 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 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 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** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are [“prescribed capital markets products”]/[capital markets products other than “prescribed capital markets products”] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

*[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 “HKSE”) and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, “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 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.

**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 Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Issuer 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 however 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. 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 [●] 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [●] 2021 [and the supplemental Offering Circular dated [●], save in respect of the Conditions which are extracted from the Offering Circular dated [●] 2021 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 from 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: [●]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:  
– Series: [●]  
– Tranche: [●]
5. [(i)] Issue Price: [●] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]  
[(ii) Net proceeds: [●] *(Required only for listed issues)*]
6. (i) Specified Denominations: [●]<sup>1</sup>  
*(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*  
(ii) Calculation Amount: [●]  
*(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.)*
7. (i) Issue Date: [●]  
(ii) Interest Commencement Date: *[Specify date/Issue Date/Not Applicable]*

<sup>1</sup> 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]<sup>2</sup>*
9. Interest Basis: ☐ per cent. Fixed Rate]
- ☐ [LIBOR/EURIBOR/HIBOR/CNH HIBOR/SHIBOR/*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 sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: ☐ per cent. per annum [payable annually/semi-annually/quarterly/monthly] in arrear]

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

- (ii) Interest Payment Date(s): ☐ in each year<sup>3</sup> [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted*]
- (iii) Fixed Coupon Amount(s): ☐ per Calculation Amount<sup>4</sup>
- (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]*<sup>5</sup>
- (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)]]

<sup>3</sup> 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."

<sup>4</sup> 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."

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



- (v) Business Centre(s) (Condition 5(j)): [●]
- (vi) Manner in which the Rate(s) of interest is/are to be determined: [Screen Rate Determination/ISDA Determination/*Other (specify)*]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the [Agent]): [●]
- (viii) Screen Rate Determination (Condition 5(b)(iii)(B)):
- Reference Rate: [●]
  - Interest Determination Date(s): *[[●] [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.)*
- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - ISDA Definitions (if different from those set out in the Conditions): [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 [●]



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

#### **PROVISIONS RELATING TO REDEMPTION**

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

20. Put Option: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/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]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Minimum Instalment Amount: [●]
28. Redenomination, 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]<sup>6</sup>

## 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]
- (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.)*

<sup>6</sup> 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.

35A. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

*(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.)*

36. Additional selling restrictions: [Not Applicable/give details]

#### OPERATIONAL INFORMATION

37. ISIN Code: [●]

38. Common Code: [●]

[39. CMU Instrument Number: [●]]

40. Clearing system(s) (Euroclear, Clearstream, the CMU Service 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]

#### GENERAL

44. 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.\$ [●]]

45. [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.)*

46. In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong: [Not Applicable/other (specify)]

47. 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]<sup>7</sup> 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.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*

<sup>7</sup> 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.

## 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 [●] June 2021 (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 Service**”) 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 Service, be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are 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:

“**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;

“**Permitted Security Interest**” means any of the following:

- (a) 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;
- (b) 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;
- (c) 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;

“**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 either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the Pricing Supplement.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the 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:

- (x) the Floating Rate Option is as specified in the Pricing Supplement;
- (y) the Designated Maturity is a period specified in the Pricing Supplement; and
- (z) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or the Euro-zone inter-bank offered rate (“**EURIBOR**”) or the Hong Kong inter-bank offered rate (“**HIBOR**”) 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*

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

- (1) the offered quotation; or
- (2) 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 LIBOR, 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.

- (y) If the Relevant Screen Page is not available or if, in the case of paragraph (1) above, no such offered quotation appears on the Relevant Screen Page or, in the case of paragraph (2) 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 request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR 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 Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with 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.

- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), 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 Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone interbank market (if the Reference Rate is EURIBOR), 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) **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:** 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 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 for the immediately following 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 for the immediately following 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 applicable 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)).
- (v) Any Successor Rate, Alternative Rate, 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);
  - (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; and
  - (C) 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) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:
 

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or 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 applied 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 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 so; 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 the TARGET system 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.

**“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:

**“Y<sub>1</sub>”** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**“Y<sub>2</sub>”** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**“M<sub>1</sub>”** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**“M<sub>2</sub>”** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**“D<sub>1</sub>”** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**“D<sub>2</sub>”** 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” 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

“**D<sub>2</sub>**” 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;

- (vii) 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:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” 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

“**D<sub>2</sub>**” 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;



(viii) 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;

**“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 LIBOR, the principal London office of four major banks in the London inter-bank market, and 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. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR or Hong Kong time, in the case of HIBOR) 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;

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

- (l) **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 Service, 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 (or, if payment is required to be made by cheque, an address) 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 Service, 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 Service (which may include notice being given on his instruction by Euroclear or Clearstream or the CMU Service or any common depositary, 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 Service 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 unmaturing 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 the TARGET System.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their distribution 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 Service, (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 unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this 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 the timing for reporting to the NDRC, if applicable, 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 3F, 1 Aldermanbury Square, London, EC2V 7HR, 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 may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (“**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 other 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 Terms and Conditions of the Notes) to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be.

### ***Notices***

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) the CMU, 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

### Capitalisation and Indebtedness of the Issuer

The following table sets forth the Group's consolidated capitalisation and indebtedness as at 31 December 2020 on an actual basis. The following table should be read in conjunction with the Group's audited consolidated financial statements and related notes thereto incorporated by reference in this Offering Circular.

	As at 31 December 2020	
	Actual	Actual
	(HK\$'000)	(US\$'000) <sup>(4)</sup>
	(audited)	(translated)
<b>Cash and cash equivalents</b> . . . . .	4,334,925	559,100
<b>Short-term borrowings<sup>(1)</sup></b>		
Debt securities in issue		
Convertible bonds . . . . .	125,385	16,172
Non-convertible notes . . . . .	6,175,976	796,551
<b>Long-term borrowings<sup>(1)</sup></b>		
Bonds to be issued . . . . .	—	—
Non-convertible bonds . . . . .	11,568,173	1,492,013
<b>Bank loans and other borrowings</b>		
Secured . . . . .	949,087	122,409
Unsecured . . . . .	37,066,519	4,780,679
<b>Equity</b>		
Equity attributable to owners of the Company . . . . .	28,317,169	3,652,226
<b>Total equity<sup>(2)</sup></b> . . . . .	28,317,169	3,652,226
<b>Total capitalisation<sup>(3)</sup></b> . . . . .	39,885,342	5,144,239

*Notes:*

- (1) The total borrowings are affected by borrowings and debt financing activities of the Group incurred after 31 December 2020, mainly including the US\$115 million 0.9% notes due 08 April 2021 issued by the Issuer on 08 January 2021, the US\$110 million 0.9% notes due 13 April 2021 issued by the Issuer on 12 January 2021, the US\$200 million 1.2% notes due 15 December 2021 issued by the Issuer on 13 January 2021, the US\$40 million 0.7% notes due 24 May 2021 issued by the Issuer on 22 February 2021, the US\$100 million 0.9% notes due 30 November 2021 issued by the Issuer on 25 February 2021, the US\$100 million 0.9% notes due 08 December 2021 issued by the Issuer on 25 February 2021, the US\$381 million 0.75% notes due 09 September 2021 issued by the Issuer on 09 March 2021, the US\$63 million 0.63% notes due 15 June 2021 issued by the Issuer on 15 March 2021, the US\$50 million 0.72% notes due 10 January 2022 issued by the Issuer on 8 April 2021 and a revolving credit facility in an amount of HK\$6,000 million obtained by the Company in March 2021 and the US\$300 million 2.125% bond due 20 May 2026 issued by the issuer on 20 May 2021.
- (2) Total equity includes share capital, reserves and proposed dividend.
- (3) Total capitalisation includes total long-term borrowings plus total equity.
- (4) The translation of HK dollar amounts into U.S. dollar amounts has been made at the rate of HK\$7.7534 to US\$1.00 (the noon buying rate in New York City on 31 December 2020 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 change in the Group's consolidated capitalisation and indebtedness since 31 December 2020.

## DESCRIPTION OF THE GROUP

### OVERVIEW

Haitong International Securities 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. Haitong International Securities strives to serve as a bridge linking up the PRC and overseas capital markets.

As at the date of this Offering Circular, Haitong International Securities is well-positioned to serve corporate, institutional, as well as retail and 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, institutional clients and investment businesses. Haitong International Securities possesses a sound risk management system that is in line with international standards. It was assigned a “Baa2” long-term issuer rating and a “BBB” long-term credit rating by Moody’s and S&P, respectively.

Haitong International Securities 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:

- |                                  |  |
|----------------------------------|--|
| <b>Wealth Management . .</b>     | Provides financial advisory services and customized 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, securities custodian services, and securities margin financing.  |
| <b>Corporate Finance . . .</b>   | Provides sponsoring and underwriting services to corporate clients for their fund-raising 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 financing assets in secondary market.                      |
| <b>Asset Management . . .</b>    | Provides investment management services on diversified and comprehensive investment products, including public funds, private funds and mandatory provident funds to individual, corporate and institutional clients.  |
| <b>Institutional Clients . .</b> | Serves institutional clients globally through sales and trading of both equity and fixed income products, financing, structuring products, offering risk management solutions and providing research advisory. It is also an active player in equity derivative products creation and trading. This segment is supported by the award-winning equity research team that specializes in listed equities in Asian financial markets. |
| <b>Investment . . . . .</b>      | Invests in various financial instruments, primarily on listed equities, investment funds and private equity investments, to explore investment opportunities with reasonable returns.  |

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 recognized by the financial services industry, and the Group has received numerous honours and awards, including, among others:

- “Best ESG Manager (Hong Kong)” from Insights & Mandate Professional Investment Awards 2021;
- “Top Market Maker – ETP Turnover” award from HKEX ETF Awards 2020 & 2019;
- “Best Asian Investment Bank” from GlobalCapital Asia Awards 2020;
- “Best for Cross Border ECM” from Asiamoney 2020 China Corporate & Investment Banking Awards;
- “Securities House of the Year” from Asia Risk Awards 2017-2020;
- “Securities House of the Year” from Asiamoney Best Securities Houses Awards 2018-2020;
- “Best Broker” from FinanceAsia Country Award 2019-2021;
- “Derivatives Provider of the Year – Excellence” from Bloomberg BusinessWeek Financial Institution Awards 2020;
- “Best Wealth Manager (Hong Kong)” from The Asset Triple A Private Banking and Wealth Management Awards 2019 & 2020;
- “Best Fund House, China Offshore” from AsianInvestor Asset Management Awards 2020;
- “New Product of the Year – Haitong MSCI China A ESG ETF” award from 2020 HKCAMA-Bloomberg Offshore China Fund Awards;
- “Best Companies to Work for in Hong Kong” from HR Asia 2017-2020;
- “Hong Kong's Best Investment Bank” in the “Euromoney Awards for Excellence 2018” organized by Euromoney;
- “Hong Kong House of the Year” from Asia Risk Awards 2018;
- “Best RMB Manager – Hong Kong” from Asia Asset Management Best of the Best Awards 2018.

As at 31 December 2019 and 2020, the Group had total assets of HK\$156,274.5 million and HK\$146,442.5 million (US\$18,887.5 million), respectively, and total equity of HK\$27,030.6 million and HK\$28,317.2 million (US\$3,652.2 million), respectively. For the years ended 31 December 2019 and 2020, the Group's total revenue was HK\$8,244.0 million and HK\$8,329.7 million (US\$1,074.3 million), respectively, and its net profit was HK\$1,550.9 million and HK\$1,932.9 million (US\$249.3 million), respectively.

### **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 in the Greater China Region.



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 according to Bloomberg's Hong Kong IPO Underwriters League Table. From 2012 to 2020, the Group ranked first in the Hong Kong capital market in terms of the total number of IPO participated. In 2020, the Group ranked first among Hong Kong's financial institutions in terms of the number of Hong Kong IPOs underwritten according to the Bloomberg League Tables.
- The Group has served in the role of sole or joint bookrunner, sole or joint sponsors and sole or joint global coordinators in 51 IPO projects in 2020, 44 IPO projects in 2019 and 37 IPO projects in 2018. Particularly, in 2020, the Group, successfully completed several blockbuster IPOs including three largest Hong Kong IPOs in 2020: JD Health International Inc. with a deal value of U.S.\$4 billion, China Bohai Bank Co., Ltd. with a deal value of U.S.\$2.05 billion and Evergrande Property Services Group Limited with a deal value of U.S.\$1.84 billion. The Group also ranked top and third among financial service providers all over the world in terms of number and underwriting amount in Asian (excluding Japan) G3 high yield corporate bond issuance.

In February 2018, the Group has completed the purchase of entire share capitals of Haitong UK and Haitong USA from Haitong Bank, S.A. to further consolidate its licenses and businesses to identify more new customers for the positive development of overseas market. The acquisition has perceptualized 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.

***Strong local market expertise with a substantial and stable customer base in the Greater China Region***

The Group demonstrates its strong local market expertise with a stable and extensive network throughout the Greater China Region, including three branches in Hong Kong and one in Macau. Currently, the Company also operates in many other major international capital markets, including in 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. 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 Company 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 Company 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 Company 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 2020, the Singapore office launched its debut fund focusing on REITs listed across Asia-Pacific markets, broadening the range of the Group's fund products. In November 2020, the Mumbai office completed the INR64.8 billion IPO of Gland Pharma Ltd., the largest pharma IPO in India to date. During 2020, the New York subsidiary of the Company completed four IPOs including Lufax

Holding Ltd, Yalla Group Limited, Xpeng Inc. and Guangzhou LiZhi INC. and two additional issuances. In Asiamoney Brokers Poll 2020, the Group's Japanese analysts were voted No. 1 in eight sectors covering Small/Mid-Caps, Consumer, Real Estate, Software and Internet, etc.

With these branches and networks, the Company 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 of 31 December 2020, the Group has 1,355 staff members globally, with 144 in Mainland China; 1012 in Hong Kong; 82 in Singapore; 46 in Mumbai; 11 in Tokyo; 6 in Sydney; 21 in London and 33 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. Haitong International Securities 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 retail/high-net-worth clients and witnessed fast growth in all business segments.

In 2017, Haitong International Securities expanded 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 maximize returns. 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 Company upgraded its U.S. stock trading platform in December 2018, which enables clients to trade US 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. The Group is the first financial services company in Hong Kong to successfully launch a Renminbi-denominated and settled public fund in 2010. Its parent company, Haitong International Holdings, was among the first batch of financial institutions to receive RQFII qualification in 2012. The Group was also the first PRC-funded institution in Hong Kong to be awarded the QFII and RQFLP qualifications in 2012. In March 2014, the Group launched Haitong CSI300 Index ETF, becoming the first company with Chinese securities firm background in Hong Kong to issue an RQFII ETF. The Group also has a proven track record in the expansion of its leveraged and acquisition finance and sector fund businesses. In July 2018, the Company launched three equity funds covering the world's biggest economies – the United States, China and Japan.

The Company launched its warrants and callable bull/bear contracts (“CBBCs”) business in March 2016, making it the only listed Chinese securities company to have issued warrants and CBBCs approved by HKEx. During the year of 2020, the Group issued warrants and CBBCs with a total amount of HK\$462 billion, ranking the fourth in the Hong Kong market in terms of the warrants and CBBC's transaction amount.

In 2018, Haitong International Securities further expanded the G10 bond market-making business to cover major offshore markets globally; from the Greater China Region to the US, Latam, Europe, Singapore, India, Korea, Japan and Australia, whilst also covering CNY, HKD and SGD denominated bonds.

#### ***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. In 2017, Haitong International Securities was assigned a Baa2 long-term issuer and Prime-2 short-term issuer ratings by Moody's and the rating were kept intact in 2020. The Group also maintains high-standard and well-balanced corporate governance practices, which have been evidenced by excellent corporate governance awards.

### ***Experienced and stable management team with a highly proficient professional workforce***

The Group's management team has an average of 22 years of experience in the financial industry. The members of the Group's management team are stable and dedicated, and majority of the members have been serving the Group for more than ten years. The strength and capability of the management team are evidenced by numerous awards that the senior management has won. For instance, Dr. Lin Yong, Deputy Chairman of the Board of Directors and Chief Executive Officer of the Company, was appointed as a member of the board of directors of Financial Services Development Council since January 2020, a non-executive director of Financial Reporting Council since October 2019, a member of Mainland Opportunities Committee of Financial Services Development Council since April 2019, the chairman of Chinese Securities Association of Hong Kong since February 2019 and was honoured as the "Prominent Figure" by Hexun.com for three consecutive years from 2014 to 2016, "2014 Shanghai Financial Industry Leader" by Xinhua News Agency, "2012 Best Financial Leadership Diamond Award" by Institutional Investor in 2013 and "2006 Top Ten Outstanding Young Persons of Financial Sector in Shanghai" by the Shanghai Communist Youth League and Shanghai Financial Office in 2006.

The Group recognises the importance of realising the personal value of its employees and adopted various initiatives in hiring and retaining professionals, such as promoting staff learning, career development and employee-friendly policies and developed a corporate culture which fosters innovation, knowledge, communication and continuous improvement.

### **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 strictly controls its leverage ratio, broadens its income streams, and improves 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. Among the incomes, the fee-based income accounted for over 33% of the total income, becoming a strong driver for the Group's stable income in 2020.

Throughout 2020, the Group took an active initiative to cut down on its leverage ratio and size of high-risk assets while setting aside more provisions for contingency. In this way, it achieved stable and eye-catching growth of total income and net profit, showcasing fruitful results of its successful business transformation and upgrade with a boom in quality and efficiency. The outcomes also serve as solid bedrocks and pave the way for the less asset-heavy Group to go to the next level with endogenous development. With risks on a short leash and pinpointing its efforts on creating new products, blazing new trails of businesses, forming new teams, fast-tracking changeover of products and establishing new models & global operating frameworks, building a springboard for its next leapfrog and long-lasting growth.

### ***Attract professional talents to join the Group***

The Group has always been treasuring its employees as its core resource. In 2020, the Group shovd more resources to human capital to train up, incentivise and recruit professional talents. During the year, the Company kicked off the whole new “SAIL Programme” to groom future management to prepare ahead for the Group’s development engine. In support of the Hong Kong government’s employment support calling, the Group also launched a “graduate intern” scheme and recruited over 50 interns to walk with Hong Kong in this difficult time. In 2020, Haitong International Securities was named one of the “Best Employers to work for in Asia” and “Best Caring Company for the Year” by HR Asia.

### ***Achieve ESG integration and become an industry leader in Sustainable Finance***

The Group has been keeping its ESG responsibilities and commitments to clients, shareholders, employees, community and the natural environment. In 2020, Haitong International Securities set up an ESG committee and adopted its ESG philosophy into each part of the Group’s operations.

In 2020, Haitong International Securities issued Haitong International ESG Statement to pledge zero net carbon emission by the end of 2025 to the public, becoming the first financial institution in Hong Kong to vow for carbon neutrality with definite schedule. Meanwhile, the Group will deploy or provide a total of US\$20 billion to support ESG as well as sustainable financing and investment funds by end of 2025 to practice “impact investment” and “responsible investment”. Recently, Haitong International Securities was granted an A rating in MSCI ESG rating, setting a good example for Chinese financial institutions.

### ***Enhance business stability and profitability***

The Group will fully utilized its experience gained to stride on the path of higher stability and profitability, more healthy gearing ratio, stricter compliance and risk management and more professional crews by adhering to its core values of being “courageous, sincere and innovative” to create values for the community, employees, clients, shareholders and investors. In the face of torrents of new climates and challenges, the Group will position its strategic business development with better income structure, restrained leverage size and stronger risk management capability to seek a more resilient commercial and profitability model amidst the highly volatile market conditions in the world.

### ***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 plans to enhance its overall risk management, internal control and financial management capabilities to keep abreast of prevailing international standards. The Group intends to optimise its organisational structure, models and information systems to monitor, evaluate and manage its risk exposure. Further, the Group intends to strengthen its compliance and audit functions to ensure full compliance with applicable laws and regulations.

In 2020, risk management was set as a top priority for the Group. Taking a “stable to prudent” risk appetite, the Group set up a multi-layered risk management structure. It forecasted the impacts brought by the virus coupled with the deteriorating economy, and performed a stress test with the use of its self-developed risk management models to keep its scale of assets and liabilities under active control, reduce its leverage ratio and refine its high-risk asset structure. Amidst the gloomy outlook for the global economy and market conditions, the Group acquired the BBB rating with a stable outlook from Standard and Poor’s and the Baa2 rating from Moody’s, with major risk indicators kept at the optimized level over the past 5 years.

## Corporate History and Milestones

The following list traces the Group's history back to 1973 and sets forth the key milestones across the Group's 48 years of operations:

- 1973 . . . . • Haitong International Securities Company Limited, one of the main subsidiaries of the Group, was established in Hong Kong
- 1996 . . . . • Listed on Hong Kong Stock Exchange, stock code: 665.HK
  - Commenced corporate finance business
- 2000 . . . . • Launched online trading platform to provide innovative and flexible stock trading and investment services
- 2007 . . . . • Became one of the first batch of Chinese brokers that are approved to establish subsidiaries in Hong Kong by CSRC
- 2009 . . . . • Haitong International Holdings became the Group's major shareholder
  - During the period from late 2009 to early 2010, the Group successfully acquired Taifook Securities, the largest local brokerage firm in Hong Kong then and became the first Chinese broker to have acquired a Hong Kong-listed broker
- 2010 . . . . • Formally registered as Haitong International Securities Group Limited and a brand-new corporate identity was launched with the objective of becoming a truly leading international financial institution
  - Launched the first RMB-denominated and settled fund in Hong Kong – Haitong Global RMB Income Fund
- 2012 . . . . • Becoming the world's only Mainland-funded financial institution possessing all the RQFII, QFII and RQFLP qualifications in the year
- 2013 . . . . • Commenced FICC business, leveraged and acquisition finance business and equity derivatives business
- 2014 . . . . • The Group's first overseas subsidiary, Haitong International Securities Group (Singapore) Pte. Ltd. commenced operation in Singapore
  - First non-asset-management-based company to launch RQFII ETF, tracking CSI 300 Index
  - S&P assigned a BBB long-term credit rating and A-2 short-term credit rating to Haitong International Securities
  - Became a constituent of Hang Seng Composite SmallCap Index
  - First Chinese brokerage firm issuing independent investment-grade USD bond
- 2015 . . . . • Set up global network in major financial centres including New York, London, Singapore and Tokyo
  - Became a constituent of Hang Seng Composite LargeCap & MidCap Index
  - Completed the acquisition of Japaninvest; commenced cash equities business

- 2016 . . . . • Became the only listed Chinese Securities Company to have issued warrants and CBBCs approved by HKEx
- Launched CBBCs issuance and Commenced listed stock options market making business
- Completed the acquisition of Haitong Securities India Private Limited
- Launched Haitong investment fund services, includes Haitong Asian high yield Bond Fund, Haitong Hong Kong Equity investment fund and Haitong Korea Equity investment fund
- 2017 . . . . • Launched the new “algorithm execution services”
- Purchased entire share capitals of Haitong UK and Haitong USA from Haitong Bank, S.A.
- Moody’s assigned a Baa2 long-term issuer and Prime-2 short-term issuer ratings to Haitong International Securities
- 2018 . . . . • Completed the acquisition of Haitong UK and Haitong USA from Haitong Bank, S.A.
- Completed the Group’s first IPO in NYSE and Nasdaq
- Became the first Chinese market maker on Nasdaq
- Approved by FINRA of the U.S. to conduct investment banking activities
- Became one of the first London Stock Exchange member firms being a designated broker for the Shanghai-London Stock Connect between the Shanghai Stock Exchange and the London Stock Exchange
- 2019 . . . . • Approved by the HKSE to issue inline warrants, being among the first batch of issuers for this new product
- The Singapore office was granted a Capital Market Service License by the Monetary Authority of Singapore to carry out asset management business in Singapore, becoming one of the Chinese financial institutions with most comprehensive business coverage in Singapore
- Relocated part of business units to A-grade offices in One IFC, Central to facilitate business expansion
- 2020 . . . . • Published the first ESG Statement to pledge to achieve carbon neutrality by the end of 2025, becoming the first HK-listed Chinese financial institution to make a public commitment for carbon neutrality
- The Australian Office obtained the Australian Financial Services Licence issued by the Australian Securities and Investments Commission (ASIC)
- 2021 . . . . • MSCI upgraded the group’s ESG Rating to “A”, the highest rating for Chinese financial institutions
- The Singapore Office was admitted as a Securities and Derivatives Clearing Member of the Singapore Exchange and a depository agent of The Central Depository Limited (CDP)



## Corporate Structure

The Group had 17 principal subsidiaries, including 11 that are incorporated in Hong Kong and 6 that are incorporated in Singapore, Australia, the United Kingdom, the United States, Japan and India, as at 31 December 2020. The following chart sets forth the simplified corporate structure of the Group as at 31 December 2020:



*Note:* This chart is a simplified corporate structure chart and some intermediate companies are not shown.

## Recent Development

### *Financial results as of and for the three months ended 31 March 2021*

On 28 April 2020, Haitong International Securities published its unaudited and unreviewed consolidated first-quarter financial statements as of and for the three months ended 31 March 2021 (with the inclusion, for comparison purposes, of similar information for the three months ended 31 March 2020 and as of 31 December 2020, as applicable).

For the three months ended 31 March 2021, our total revenue, commission and fee income, and net profit for the period attributable to owners of the Company increased significantly as compared with the corresponding period in 2020. As of 31 March 2021, our cash and cash equivalents increased as compared with the respective amounts as of 31 December 2020. As of 31 March 2021, our total liability decreased as compared with the respective amounts as of 31 December 2020. As of 31 March 2021, our total assets decreased as compared with the respective amounts as of 31 December 2020.

No audit or review has been performed on the financial result as of and for the three months ended 31 March 2021 and it is not indicative of our financial condition or results of operations for the full year ending 31 December 2021. The financial results as of and for the three months ended 31 March 2021 do not form part of this offering circular and should not be relied upon by prospective investors to provide the same type or quality of information associated with information that has been subject to an audit or review by an independent auditor.

## General Information

Haitong International Securities is an exempted company incorporated in Bermuda with limited liability. The registered office of Haitong International Securities 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. Haitong International Securities' website is [www.htisec.com](http://www.htisec.com). The information on Haitong International Securities' website does not form part of this Offering Circular.

## Overview of Financial Performance

Revenue of the Group was HK\$8,244.0 million and HK\$8,329.7 million for the years ended 31 December 2019 and 2020. Details of the major revenue streams and the respective proportion to total revenue are set out below:

	For the year ended 31 December		
	2019	2020	2020
	HK\$'000	HK\$'000	US\$'000
	(audited)	(audited)	(translated)
Commission and fee income . . . . .	2,291,922	2,864,575	369,460
Interest income . . . . .	2,941,593	2,464,585	317,872
Net trading and investment income . . . . .	3,010,459	3,000,587	387,003
	<u>8,243,974</u>	<u>8,329,747</u>	<u>1,074,335</u>

### Commission and fee income

Commission and fee income increased by 25% to HK\$2,865 million for the year ended 31 December 2020. Breakdown of commission and fee income is as below:

	For the year ended 31 December		
	2019	2020	2020
	HK\$'000	HK\$'000	US\$'000
	(audited)	(audited)	(translated)
Commission on brokerage . . . . .	659,296	913,265	117,789
Commission on underwriting and placing . . . . .	781,741	1,114,145	143,698
Asset management fee and performance fee income . . . . .	309,115	370,651	47,805
Financial advisory and consultancy fee income . . . . .	192,820	202,920	26,172
Handling, custodian and service fee income . . . . .	348,950	263,594	33,997
	<u>2,291,922</u>	<u>2,864,575</u>	<u>369,460</u>

Commission on brokerage includes commission income from dealing in securities, futures and over-the-counter products (mainly bonds and financial products). Commission on securities dealing was the highest contributor at HK\$638 million, representing an increase of 73% from 2019. Commission on securities dealing attributable from wealth management segment and Institutional clients segment amounted to HK\$404 million and HK\$234 million, and increased by 74% and 71% year-on-year, respectively. The Group's commission rates remained stable between both years.

Underwriting and placing commission increased by 43% to HK\$1,114 million for the year ended 31 December 2020. During the year, the Group once again ranked top among all financial institutions in terms of number of IPOs in Hong Kong, and completed a number of blockbuster IPOs. In respect of debt capital markets, the Group topped the list of the Asia (ex-Japan) G3 high yield bond league among financial institutions worldwide in terms of number of deals. Further details on underwriting and placing commission are stated in the analysis of segment revenue of corporate finance segment below.

Asset management and performance fee increased by 20% to HK\$371 million for the year ended 31 December 2020, which was mainly due to the increase in management fees from the launch of new investment funds. Asset under management as at 31 December 2020 amounted to HK\$60.8 billion, increased by 14% from HK\$53.5 billion as at 31 December 2019.

### **Interest income**

Interest income decreased by 16% to HK\$2,465 million for the year ended 31 December 2020. Interest income for the year was composed of mainly interest income from margin loans (2020: HK\$1,023 million; 2019: HK\$1,176 million) and interest income from investment securities (2020: HK\$764 million; 2019: HK\$766 million). Lowered market interest rates and decrease in the Group's interest-bearing assets contributed to the decrease in interest income. Advances to customers as at 31 December 2020 amounted to HK\$16.2 billion, decreased by 21% from HK\$20.6 billion as at 31 December 2019. Consequently, interest income from advances to customers decreased by 21%. As part of the strategic focus of the Group in expanding fee-based businesses, the Group expects the interest-bearing assets to be further reduced in the coming financial year.

### **Net trading and investment income**

Net trading and investment income amounted to HK\$3,001 million, remained at the same level as that of 2019. Breakdown of net trading and investment income is as below:

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>US\$'000</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(translated)</b>
Net trading income on fixed income, currency and commodities, and equity derivatives . . . . .	1,269,930	569,381	73,436
Net trading income on financial products . . . . .	768,681	606,153	78,179
Net investment gain on financial assets/liabilities at FVTPL . . . . .	971,848	1,825,053	235,387
	<u>3,010,459</u>	<u>3,000,587</u>	<u>387,003</u>

Net trading income on fixed income, currency and commodities, and equity derivatives decreased by 55%, which was consequential from the decrease in financial assets held for trading and market making activities (31 December 2020: HK\$10.6 billion; 31 December 2019: HK\$28.5 billion). Net investment gain on financial assets/liabilities at FVTPL increased by 88% (or HK\$853 million), which was attributable to returns from investments including investment funds, fund-of-funds, private equity funds and private equity investments, and listed equities. The rate of return of these investments ranged from 7% to 19%.

### **Business and Operations**

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

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>US\$'000</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(translated)</b>
Wealth management . . . . .	2,087,919	1,994,069	257,186
Corporate finance . . . . .	1,528,058	1,918,679	247,463
Asset management . . . . .	309,115	370,651	47,805
Institutional clients . . . . .	3,329,468	2,201,915	283,993
Investment . . . . .	989,414	1,844,433	237,887
	<u>8,243,974</u>	<u>8,329,747</u>	<u>1,074,335</u>

### ***Wealth management***

The Group's wealth management segment provided a full range of financial services and investment solutions for retail and high net-worth clients, including securities, futures and option, over-the-counter products and risk management instruments sales, investment advisory service, financial planning service and investment fund distribution services, custodian service as well as the provision of securities margin financing to clients.

Revenue from the Group's wealth management business segment was HK\$2,088.0 million and HK\$1,994.1 million for the years ended 31 December 2019 and 31 December 2020, respectively, mainly due to the decrease of interest income which was attributable to the drop in average margin loan balance. Interest income of this segment comprised interest income from advances to customers in margin financing and interest spread from deposits placed by wealth management customers. Decrease in the results from the wealth management business segment was partly offset by the increase of the commission and fee income which was contributed by both increase in market turnover and swelling assets under management.

The Group developed flexible sales strategies, proactively promoting online U.S. stock trading and U.S. stock financing services and continuously expanding the market coverage of margin financing on securing high-end retail clients and increasing the trading volume with institutional clients. To distinguish itself from other low-price-oriented competitors, the Group strives to grow its institutional client base and provide high-net-worth retail clients with diversified products and premium services, thereby building a market image of "a comprehensive financing expert" and becoming the "Trusted Wealth Manager for Entrepreneurs".

### ***Corporate Finance***

The Group provides sponsoring and underwriting services for corporate clients for their fund-raising activities in equity and debt capital markets, and also provides advisory service and financing solutions to corporate clients for their corporate actions such as mergers and acquisitions as well as assets restructuring, etc. Revenue from the Group's corporate finance business segment was HK\$1,528.1 million and HK\$1,918.7 million for the years ended 31 December 2019 and 31 December 2020, respectively.

### ***Equity financing***

Equity financing is the core strength of the Group's corporate finance business. From 2012 to 2020, the Group ranked first in the Hong Kong capital market in terms of the total number of IPO participated. In 2020, the Group ranked first among Hong Kong's financial institutions in terms of the number of Hong Kong IPOs underwritten according to the Bloomberg League Tables.

In 2020, the corporate finance segment sustained its strong performance and completed altogether 51 Hong Kong IPO projects, ranking first among all investment banks in Hong Kong in terms of the number of projects underwritten. In particular, the Group sponsored 13 Hong Kong IPO deals in 2020, increasing from 6 in 2019 and ranking second among Hong Kong capital market in terms of the number of IPOs sponsored. The Group completed several blockbuster IPOs including three largest Hong Kong IPOs in 2020: JD Health International Inc. with a deal value of U.S.\$4 billion, China Bohai Bank Co., Ltd. with a deal value of U.S.\$2.05 billion and Evergrande Property Services Group Limited with a deal value of U.S.\$1.84 billion. The Group also completed its first IPO sponsoring project in India, demonstrating its capability in executing capital markets projects in other financial centres. In 2020, the Group participated in 56 equity financing deals with a total underwriting amount of U.S.\$3,610.8 million, ranking first among Hong Kong capital market in terms of the number of deals.

### ***Debt financing***

The Group is market leader in its debt financing business and offers a full range of international debt capital markets services including US dollar denominated senior notes, medium term note programme, hybrid securities, credit enhanced securities, and convertible bonds.

In 2020, the Group completed more than 210 transactions in aggregate in bond financing and over 60% of which the Group is acting as a joint global coordinator. It also ranked second amongst global financial institutions for US dollar bond offerings by PRC issuers in terms of number of transactions completed. As to G3 high-yield bonds issuance projects in Asia (excluding Japan), Haitong International Securities ranked top among the financial services institutions in the world (commercial firms and investment banks) in terms of number of transactions completed and ranked third in terms of transaction amount. In addition, as part of the Group's ESG commitment, 12 "Green Bonds" issuances were completed during the year. Financial advisory services.

The Group has focused on developing its financial advisory business, in particular on advising on mergers and acquisitions and capital raising transactions. The Group completed a number of local and mergers and acquisitions projects with the focus on the sectors like chemical, industry and consumer goods. Haitong International Securities has established its overseas franchises in New York, London, Singapore, Mumbai, Sydney, and Tokyo. Therefore, the Group is well positioned in the global cross-border mergers and acquisitions market. In the future, Haitong International Securities will continue to develop its financial advisory service by providing one-stop mergers and acquisitions and capital raising services for different kinds of Chinese and international enterprises.

#### *Loan Capital Markets and Special Situations*

The Group serves various client needs across M&A financing, pre-IPO financing, special situation, project financing, real estate financing and bridge financing among others. The Group's products serve the clients at different development stages and cover the most parts of the capital structure of a company.

#### *Asset Management*

The Group's asset management business segment includes 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. As at 31 December 2018, 2019 and 2020, the Group has assets under management of U.S.\$464 million, U.S.\$535 million and U.S.\$608 million, respectively, representing a year-over-year growth of 14%.

Thriving on the opportunities of internationalization of Renminbi, the Group's asset management business has leveraged its competitive edge of mainland-funded background to drive the rapid growth of its business through innovative RMB products and solutions. The Group's asset management business was the very first asset manager to successfully launch an RMB-denominated public fund in Hong Kong in 2010, which is currently rated 4-star by Morningstar and remains as one of the highest rated RMB bond funds. The Group's asset management business was also among the first batch of companies that received RQFII qualification and quota in 2011, and subsequently launched the first RQFII bond fund in early 2012. To further ride on the success of the RMB products, the Group's asset management business listed its first RQFII ETF in March 2014, which was the first ETF ever launched by a Chinese securities firm in Hong Kong. Over the years the Group's asset management business launched numerous successful funds and received many highly recognized industry awards for its strong performance and business achievements, including "Best Fund Over 3 Years – Haitong MPF Retirement Fund – Global Diversification A" from Refinitiv Lipper for two consecutive years in 2019 and 2020, "Best of the Best Awards – Asian Rising Star" and "Best of Best Awards – Most Innovative" awards from Asia Asset Management in 2019, "The Best Fund House – China Offshore" awards from Asian Investor in both 2018 and 2020, "New Product of the Year – Haitong MSCI China A ESG ETF" award from HKCAMA Bloomberg, and "Best ESG Manager" and "Most Innovative Product" awards from Insights & Mandate in 2021.

The comprehensive and high-quality products and services of the Group's asset management business have been widely recognized in the industry. While strengthening the existing product offerings, the Group captured the opportunity in time and launched several products to widen its fund spectrum investing in the main capital markets in the world, including China A, Hong Kong, US, Japan, and Korea. In 2019, one of its SFC authorized funds was officially approved by the CSRC to be distributed in Mainland China under the Mutual Recognition of Funds scheme.

### *Institutional Clients*

Institutional clients segment was merged from fixed income, currency and commodities (“FICC”) segment and institutional equities segment in 2017 since the two segments both concentrated on serving institutional clients. This segment engages in providing cash equities sales and trading, prime brokerage, stock borrowing and lending, equity research, investment and financing solutions, and issuance and market-making for a wide variety of financial instruments such as fixed income products, currency and commodity products, futures and options, exchange traded funds and derivative products in major financial centres across the world for global institutional clients.

### *Market making*

In October 2018, the Group became the first Chinese market maker in the Nasdaq with a cross-border, cross-market and cross-department settlement system, laying a solid foundation for the Group’s U.S. securities trading in the future. In addition, the Group was approved to be a liquidity provider of stock futures in Hong Kong and is now providing market making services of stock futures for new shares including unicorn companies.

### *Institutional Equities*

Equity derivatives is a core component of the institutional equities business. The Group’s equity derivatives business was set up in August 2013 to accommodate the diversification of business of the Group and to offer broader spectrum of business support to clients. Institutional Equities provides market making for exchange-traded funds and listed stock options, securities borrowing and lending services, warrants and callable bull/bear contracts business, bespoke equity derivatives financial products, as well as cash equities comprised of a professional sales team and a comprehensive research platform covering over 1,000 rated stocks.

Leveraging its equities research networks in the Greater China Region, Japan, India and Korea through the institutional equities trading network, the Group is the first Chinese financial services provider who can provide algorithm execution accessible to the NYSE. The institutional equities business yield fruitful results, fuelling the Group’s brand expansion in 2018. The Group’s coverage has extended to over 10 major markets in different countries across the world including Hong Kong, Mainland China, United States, India, Japan and Australia with a growth of 45% year-over-year in sales income. Services such as equity research, institutional sales and trading services cover Greater China, Japan, India, South Korea and other regions. In 2020, the Group covers 89.6% of the total market cap of the benchmarked indices. In addition, the Group’s qualification to trade according to Shanghai-London Stock Connect and conduct market making business on Nasdaq enhanced the Group’s capability to grow its clientele in the U.S. and U.K. The Group’s derivative business also took the lead in the Hong Kong callable bull/bear contract and derivatives warrant market.

For equity derivatives business, the Company garnered awards for the market making business for ETFs and options on individual stocks. Haitong International Securities launched its warrants and CBBCs business in March 2016, making it the only listed Chinese securities company to have issued warrants and CBBCs approved by HKEx. During the year of 2020, the Group issued warrants and CBBCs with a total amount of HK\$462 billion, ranking the fourth in the Hong Kong market in terms of the warrants and CBBC’s transaction amount. The Group is one of the biggest players in listed products such as Warrants and CBBCs, listed options and futures in Hong Kong.

### *FICC*

FICC mainly focuses on market maker trading and sales, structured products design, as well as currency and commodities businesses backed by a robust risk management system. FICC closely monitors the changes in the global capital market trends with respect to macroeconomic cycle to formulate the Group’s business plan.

The market making platform of FICC became full-fledged in the Asia-Pacific region during the years. The Group has built a comprehensive industry chain for global credit bonds and harnessed international presence covering Asia, Europe and America with 24-hour round-the-clock services. Moreover, the Company is now an active market maker for futures in RMB on SGX and HKSE.



## ***Investment***

Revenue of this segment composes of investment gains and losses from investment securities held by this segment measured at fair value through profit or loss, including investment funds, fund-of-funds, private equity funds and private equity investments, and listed equities. The Group's investments have benefited from the bullish markets in bonds and equities during the second half of 2020, resulting in a sound performance for the year. The Group's private equity funds and private equity investments focus on industries such as medical and healthcare, education, consumer and TMT. Investment gains include realised gains from project disposals, dividend distribution and fair value movements.

## ***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 publicize 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 Company's emphasis put on sustainable finance, various business teams take ESG factors into consideration when making investment decisions. Haitong International Securities participated in the XPeng Motors' U.S. IPO deal as the Underwriter, the largest China new energy vehicle U.S. IPO to date, and solely sponsored First Service's IPO in Hong Kong, the first green property management company listed on the market. Moreover, the Group's DCM team underwrote 12 green bonds in 2020 with a collective size of over U.S.\$3 billion, including a blue bond, ranking top among its Chinese peers in terms of the number of deals. The Group's asset management team launched the first broad-based ESG ETF in Hong Kong – Haitong MSCI China A ESG ETF (03031). With all those efforts being recognized, in March 2021, the Company's MSCI ESG rating was upgraded to "A", the highest rating record for Chinese financial institutions.

## ***Sales and Marketing***

The Group's investment strategy team 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 branch network, 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, 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 the three principles of 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, emphasizing 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 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, 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 management which includes the 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 Chief Risk Officer, works under the guidance of Risk Management Committee. In line with the international practices, the department has established four functional units for managing credit risk, market risk, operational risk and risk methodology and analysis 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, partnership 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 the risk of re-hypothecating securities collateral at deep discount over their respective market prices. Liquidity risk management constitutes an essential part of the Group's risk management function.

The Group is required to meet various statutory liquidity requirements as prescribed by the relevant regulatory authorities and has put in place a monitoring system to ensure that it maintains adequate liquid capital to support its business commitments and to comply with the relevant Financial Resources Rules. In accordance with the policy on liquidity risk management, the treasury department closely monitors the Group's cash flow as well as the liquidity profile of its assets and liabilities. The Group maintains substantial long-term and other standby banking facilities to meet any contingent funding need in its operations. Even in periods of extreme market volatility, the management believes that the Group's working capital is adequate to meet its financial obligations for an extended period. In addition, the Group performs analyses over liquidity risk of securities collateral and carries out regular tests to ensure adequate liquidity value of securities collateral for the purpose of pledge financing, thus mitigating the risk of funding interruption.

### ***Credit Risk***

Credit risk refers to the risk of economic losses stemming from failure of any counterparty, borrower or bond issuer to meet their contractual obligations. For lending related business, the Credit Approval Committee is the main decision-making body for credit approvals of special lending projects, including general equity financing and leveraged and acquisition financing projects, approving credit and trading limits for clients and stock lending ratios.

The Group develops security margin financing monitoring and controlling measures, including the daily monitoring of changes in clients' positions, financing ratios and their account changes; observing strictly the approved financing and credit policies to make margin calls and perform forced liquidation; reporting to the management regularly and when abnormalities arise; closely monitoring the unusual movements and trading halts of individual stocks and timely identifying non-performing debts; and demanding higher margin requirements to step up risk control for particular clients or products. The Group monitors closely the changes in loan balances and positions of any single major client. In the event of any sudden adverse change in market conditions, the relevant salesperson will be urged to take prompt remedial action, such as requesting clients to reduce positions, depositing funds or improving quality of their stock portfolio to maintain risks at a level acceptable to the Group. Meanwhile, to avoid overconcentration of credit risk, the Group has set upper limits on client concentration risk and stock concentration risk and imposed caps on margin lending secured against a single stock for individual clients.

The Group also performs due diligence reviews to examine the background of applicants and project authenticity before any sizable loan applications are submitted for approval. In the course of project approval, the team provides suggestions on risk prevention and control over critical risk factors of projects and delivers separate risk analysis reports. As for post-financing management, the responsible business team and the risk management department perform on-going monitoring over existing projects and pay heed to any change in the operating and financial position of borrowers and investment projects. They also monitor the quality of the relevant collaterals, perform internal rating for the approved projects based on their latest credit standing and issue a warning to the management when abnormalities arise. The monitoring findings will be reported to the management on a monthly basis.

Besides, the Group conducts stress tests on credit exposures regularly, so as to timely identify any problems in clients' accounts amid market turbulence and to assess the credit risk exposure and capital adequacy taking into account the potential change in future economic conditions.

Other than lending-oriented transactions, the Group also faces counterparty credit risk which is mainly related to OTC derivatives and securities financing transactions. The Group assesses counterparty's credit risk through assigning internal credit ratings based on counterparties' financials; establishing trading limit according to counterparty's credit standing and business demand; managing various trading master agreements with counterparties, including reviewing and setting credit terms under the agreements and closely monitoring and reporting of exposures and limit utilization. The Group monitors closely on the changes of exposures at counterparty level, due to Mark-to-Market fluctuation, against their respective limits.

### ***Market Risk***

The Group is exposed to market risk which is originated from the relevant business lines and mainly covers risks associated with equity, credit spread, interest rate, foreign exchange rate and commodities fluctuations. The Group has developed a comprehensive set of policies, procedures and systems for market risk management, enabling full coverage of the basic components of market risk management, including stringent product definition, the defining, measuring and quota-setting of risk factors and overall risk exposure (such as Value at Risk), risk control model and system, as well as risk reporting and management, in a bid to ensure all major market risks are duly identified, assessed and controlled.

The Group's interest rate and foreign exchange risk exposure also stems from its overall asset and liability portfolio. The Group uses appropriate hedging tools when it is exposed to material interest rate risk. The foreign currencies used by the Group are mainly the US dollar and Renminbi. The Group is not exposed to material foreign exchange risk due to Hong Kong's currency peg with the US dollar. As for exchange rate of Renminbi against Hong Kong dollar, the exposure is mainly managed by asset and liability management and the residual exposure is monitored and actively hedged by both market risk management team and treasury team.

### ***Operational Risk***

Operational risk refers to the risk of loss stemming from external incidents, defects in management over internal procedures, failure of IT systems or misconduct of personnel, etc. The operational risk management team serves as the key functional unit. The internal audit department is responsible for the oversight function, whereas all business and supporting units are tasked with monitoring operational risk based on their assigned duties.

The Group performs operational risk management based on actual business conditions. Future development of new businesses of the Group requires operational risk analyses and control measures in such areas as workflow, manpower configuration, system operation and risk control. As for existing business lines, the respective workflow and risk management measures are reviewed and updated from time to time or when necessary to ensure effective management and availability of monitoring measures. Moreover, Business Continuity Plans are developed to prevent accidental business suspension and to strengthen post-disaster business recovery capabilities of the Group.

### ***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 by understanding the regulatory environment on current business, assessing severity level and causes of identified legal and compliance risk and formulate on-going comprehensive plan to carry out remedies and refinements for mitigation and remediation.

To mitigate the relevant risks, the Group established legal department and compliance department. Compliance department carries out compliance monitoring and provides comments on business plans and activities, while the legal department actively handles legal documents reviewing and vetting and also manages legal disputes.

All rounded Group policies, procedures and standardized templates are implemented and updated timely with business development and regulatory rules changes. Through sounded management system and procedures, the professional team monitors and prevents 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.

### ***Technology Risk***

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 publicity, 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.

The Group has adopted the prudent and proactive approach to managing reputational risk. The Group's strong corporate governance, clearly communicated corporate values emphasizing integrity and ethical conduct in every business decision and activity; and integrated approach to managing risk set the foundation for minimizing reputation 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 three key components: front office, middle office and back office systems, which generally cover transaction management, customer service and internal management. The IT systems utilize 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 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.
- In December 2019, the Group launched globally a new HRMS Workday system, together with the newly launched DUO-MFA platform to improve security as our new standard.
- In November 2019, the Group expanded our BCP site in One Island South, our self-owned premise.

- In June 2019, the Group upgraded our Market Marketing platform to T-Brick replacing the Horizon platform.
- In May 2019, the Group upgraded and migrated from Ullink platform to Fidessa OMS.
- In May 2019, the Group launched the ION Reval Treasury system empowered our CAS flow management automation leveraging the platform's SWIFT connections with major banks.
- In December 2018, the Group successfully completed the “HTI Global Network” transformation and established the global network connection with resiliency design for Hong Kong, the U.S., the United Kingdom, Singapore, India and Japan in order to standardize and cater for the global business expansion.
- In October 2018, the Group launched the cloud-based Oracle Financials ERP GL platform globally, which standardized the group's Chart of Accounts standard migrated from local individual GL platforms. In the same month, the Group also launched its market-making system in the U.S., becoming the first Chinese market maker on Nasdaq.
- In June 2018, the Group implemented CISCO digital IP Phone to replace analog phones used in Hong Kong.
- In April 2018, the Group introduced Two-Factor Authorization (“2FA”) to its online trading applications in compliance with the requirements of the SFC.
- In March 2018, the Group enhanced the online trading platform for over-the-counter bond trading specially for professional institution clients, the new platform is aimed to increase customer convenience so as to encourage customer usage.
- In January 2018, the Group implemented data loss prevention solution into the working environment to prevent data loss and enhance information security.
- In December 2017, the Group implemented new network broadband Connection in our data centre to enhance system backup and disaster recovery performance.
- In November 2017, the Group implemented green-house and security printing solution to enhance data security and support green office environment.
- In 2017, the Group extensively revamped its network security appliances to keep up with the changing landscape of internet security.
- In May 2017, the Company launched trading systems in India, Australia, Taiwan, further explored the client markets established successfully in December 2017.
- In 2017, the Group launched the new “algorithm execution services”, providing our customers in Australia, US, Japan and Hong Kong with a self-developed electronic trading platform.

## 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.



In order to compete more effectively based on the factors above, the Group has been focusing on the “Large Investment Banking” strategy over the years to develop its capital-based intermediary business. By utilizing its capital resources and customer resources, the Group has transformed itself from a traditional brokerage firm to a modern fully integrated financial institution. The current business model of the Group is based on the “fee-based” business and the “capital-based intermediary” business, which enables it to offer a full range of financing, investment, wealth management, mergers & acquisitions and takeovers, business development and other various consulting services to corporate, institutional and private clients.

The Group’s “fee-based” business and the “capital-based intermediary” business help the Group to develop product design and pricing capability as well as trading, investing and selling capabilities and innovation ability of the Group.

## **Employees**

As of 31 December 2020, the Group had 1,355 staff members globally, with 144 in Mainland China; 1,012 in Hong Kong; 82 in Singapore; 46 in Mumbai; 11 in Tokyo; 6 in Sydney; 21 in London and 33 in New York. Employees are considered invaluable assets to the Group as they play a vital role to support the Group’s sustainable growth. The Group believes that sound human capital management will improve staff productivity, loyalty, and will ultimately be translated into customer satisfaction and business growth. With a plethora of training and sponsorship schemes, the Company helps its staff improve their professional knowhow and skills. In 2020, the Group hosted over 150 internal training sessions covering various topics. The Group always support employees in obtaining finance related professional qualifications by providing study leaves and examination leaves for employees to be well-prepared for professional examinations. As an encouragement to achieve professionalism, the Group has set up an incentive mechanism by granting reward to staff members for obtaining job-related professional qualifications.

Haitong International Securities always cares about the mental and physical well-being of its employees and advocates a work-life balance. It regularly organizes recreational activities for its staff and their families to relieve stress of staff and to encourage interactions amongst colleagues. Besides, Haitong International Securities continues to help its staff through the dedicated “Staff Care Fund”. The fund offers immediate support to staff suffering from serious financial or livelihood problems and to help them weather adversity effectively.

To develop the core strength for Haitong International Securities, a “Management Trainee Program” was launched in 2008 with which outstanding university graduates with potential are recruited and provided with the one-year integrated development programs encompassing professional training, job rotation and career development support.

Further, in 2018, aligning with the Group’s internationalization strategy, the Group calls for its employees to work abroad through overseas attachment and exchange programs so as to become the Group’s upcoming elite talents to tie in with the Group’s international businesses.

As at 31 December 2020, 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 Hong Kong, Macau, Singapore, the United States, the United Kingdom, Japan and India of approximately 183,497 square feet. In China, the Group maintains offices in Beijing, Shanghai and Shenzhen, totally around 25,672 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 Haitong International Securities to perform its obligations under the Notes.

## MANAGEMENT

### Directors

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

Name	Age	Position
LIN Yong <i>JP</i> . . . . .	51	Executive Director
LI Jianguo . . . . .	58	Executive Director
POON Mo Yiu . . . . .	57	Executive Director
SUN Jianfeng . . . . .	45	Executive Director
SUN Tong . . . . .	44	Executive Director
QU Qiuping . . . . .	59	Non-executive Director
CHENG Chi Ming, Brian . . . . .	38	Non-executive Director
ZHANG Xinjun . . . . .	45	Non-executive Director
WAN Kam To . . . . .	68	Independent Non-executive Director
LIU Yan . . . . .	50	Independent Non-executive Director
LIU Swee Long Michael . . . . .	60	Independent Non-executive Director
ZHANG Huaqiao . . . . .	58	Independent Non-executive Director

### Executive Directors

**Mr. LIN Yong JP**, aged 51, was appointed as an Executive Director of the Company on 23 December 2009. He has been a Deputy Chairman of the Board of Directors and the Managing Director of the Company 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 Company. In addition, Mr. Lin is a director of subsidiary of the Company and a board member of Haitong Bank, S.A. (“Haitong Bank”) and Haitong Banco de Investimento do Brasil S.A., wholly-owned subsidiaries of Haitong International Holdings Limited (formerly known as “Hai Tong (HK) Financial Holdings Limited”) (“HTIH”). 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 Co., Ltd. (“HSCL”, whose shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and on the Shanghai Stock Exchange (the “SSE”)) in 1996 and was a general manager of the Investment Banking Department of HSCL from 2001 to 2007. He has been appointed as an assistant to general manager of HSCL with effect from 30 December 2014 and a director and general manager of HTIH since 2007. He is responsible for the overall operation of HTIH 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 an adjunct professor in Management College of Xiamen University since 12 May 2010 and acts as chairman of Chinese Securities Association of Hong Kong since 25 February 2019. Mr. Lin was appointed as a member of the Mainland Opportunities Committee of the Financial Services Development Council since 1 April 2019. He was appointed as a non-executive director of Financial Reporting Council for a two-year term from 1 October 2019 to 30 September 2021. He was also appointed to the board of directors of Financial Services Development Council for a term commencing from 2 January 2020 to 16 January 2023, an honorary executive director of the Hong Kong Chinese Enterprises Association for a term commencing from 16 September 2020 to 15 September 2022, and a 52nd term committee member of The Chinese General Chamber of Commerce for a term commencing from November 2020 to October 2022. Mr. Lin was appointed as a Justice of the Peace (JP) by the Government of the HKSAR in October 2020. On 16 October 2019, Mr. Lin resigned as an independent non-executive director of Zhongsheng Group Holdings Limited, whose shares are listed on the Stock Exchange.

**Mr. LI Jianguo**, aged 58, was appointed as an Executive Director of the Company on 13 January 2010 and a Deputy Chairman of the Board of Directors of the Company on 10 March 2010. He is also a member of the Strategic Development Committee of the Company. Mr. Li holds a Doctorate Degree in Economics from Xi'an Jiaotong University. He has 29 years of experience in the securities industry. Mr. Li was a general manager of Henan Securities Co., Ltd. from 1992 to 1998. He joined HSCL in 1998 and served as the deputy general manager of HSCL from 1998 to 1999. Mr. Li was the vice president and the general manager of Fullgoal Fund Management Co., Ltd. from 1999 to 2008. Mr. Li has been the assistant to the general manager of HSCL and the chairman of the board of directors of HTIH since 2008 and the vice chairman of HTIH since 9 August 2010.

**Mr. POON Mo Yiu**, aged 57, joined the Group in August 2008. He was appointed as an Executive Director of the Company on 1 July 2009 and was the Chief Operating Officer of the Group as well as a member of the Executive Committee of the Company prior to his re-designation as a Non-executive Director on 16 February 2016. Mr. Poon was re-designated as an Executive Director of the Company and was appointed as a member of the Executive Committee of the Company on 8 February 2018. He was also appointed as the Chief Operating Officer of the Group on 15 August 2018 and has been re-designated from Chief Operating Officer to Chief Financial Officer of the Group with effect from 1 May 2020. Mr. Poon is also a director of various subsidiaries of the Company. Mr. Poon holds a Master of Business Administration Degree from The Chinese University of Hong Kong. He is a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Institute of Chartered Accountants in England & Wales. Mr. Poon has extensive experience in financial management, management of information systems, accounting projects as well as various aspects of mergers and acquisitions. Prior to joining the Group, Mr. Poon worked for Sun Hung Kai & Co. Limited as the Group Chief Operating Officer and the Group Chief Financial Officer. He was also previously the Vice President in Finance of JPMorgan Chase Bank and the Group Financial Controller of Jardine Fleming Group in Asia before its merger with JPMorgan Chase Bank.

**Mr. SUN Jianfeng**, aged 45, joined the Group in 2010 and was appointed as an Executive Director of the Company with effect from 1 June 2017. He is the Chairman of Corporate Finance to provide a wide range of corporate finance services. He is also responsible for the development and management of the Alternative Asset Management business. He is also a member of the Executive Committee of the Company. Mr. Sun is also a director of various subsidiaries of the Company 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.

**Mr. SUN Tong**, aged 44, joined the Group in May 2010 and was appointed as an Executive Director of the Company with effect from 27 March 2018. He has been appointed as the Chief Investment Officer of the Group since September 2017 and is a member of Executive Committee of the Company. He is also a director of numerous subsidiaries of the Company, and serves as a responsible officer of Haitong International Securities Company 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 HSCL in 2000 and he is now a deputy general manager of HTIH. Mr. Sun was appointed as a director of Chinese Asset Management Association of Hong Kong on 20 March 2020.

#### **Non-executive Directors**

**Mr. QU Qiuping**, aged 59, was appointed as a Non-executive Director of the Company on 8 February 2018. 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 Company. Mr. Qu is a member of the Chinese Communist Party and holds a Master degree in Economics from Fudan University. He is a senior accountant in the People's Republic of China (the "PRC") and was the accountant, deputy section chief, Youth League secretary of Nanshi District Office of the People's Bank of China Shanghai (中國人民銀行上海市南市區辦事處) from September 1980 to December 1983; the deputy section chief and section chief of Nanshi District Office of the Industrial and Commercial Bank of China Shanghai (中國工商銀行上海市南市區辦事處) from January 1984 to September 1992; the vice president of Nanshi Sub-branch of the Industrial and Commercial Bank of China Shanghai Branch (中國工商銀行上海市分行南市支行) from September 1992 to November 1995; the deputy head of the accounting and cashier department of the Industrial and Commercial Bank of China Shanghai Branch (中國工商銀行上海市分行) from November 1995 to December 1996 (He was in charge of the party and

political work of Shanghai Jiading Sub-branch of the Industrial and Commercial Bank of China (中國工商銀行上海市嘉定支行) from December 1995 to December 1996); the president and deputy secretary of CPC party committee of Shanghai Baoshan Sub-branch of the Industrial and Commercial Bank of China (中國工商銀行上海市寶山支行) from December 1996 to March 1999; the head of the accounting and clearing department of the Industrial and Commercial Bank of China Shanghai Branch from March 1999 to December 1999; the assistant to the president of the Industrial and Commercial Bank of China Shanghai Branch from December 1999 to June 2000; the vice president of the Industrial and Commercial Bank of China Shanghai Branch from June 2000 to February 2005 (he was a visiting scholar at University of Pennsylvania from September 2002 to September 2003); the vice president of the Industrial and Commercial Bank of China Jiangsu Branch (中國工商銀行江蘇省分行) from February 2005 to September 2008; the deputy secretary of CPC party committee and the vice chairman of the board of directors of Bank of Shanghai (上海銀行) from September 2008 to November 2008; the president, deputy secretary of CPC party committee and the vice chairman of the board of directors of Bank of Shanghai from November 2008 to December 2010; the head of the Investor Education Office of the Work Coordination Department of the Dispatched Offices of the CSRC (中國證監會派出機構工作協調部) from December 2010 to August 2012; and the head of the Department of Unlisted Public Company Supervision of the CSRC (中國證監會非上市公眾公司監管部) from August 2012 to April 2014. Mr. Qu has been the director of Self-discipline and Supervision Committee of the Securities Association of China (中國證券業協會自律監察專業委員會) since October 2015, and the member of Expert Committee of the Finance Research Centre of Counselors' Office of the State Council (國務院參事室金融研究中心) since October 2016. He has been the Council member of the Shenzhen Stock Exchange since April 2017; Vice Chairman of Securities Association of China since June 2017; a member of the Chinese People's Political Consultative Conference Shanghai Committee since December 2017; Chief Supervisor of Shanghai Association of Listed Companies since June 2018; Chairman of Mergers and Acquisition Financing Professional Committee of the China Association for Public Companies (中國上市公司協會併購融資專業委員會) since October 2018; and a member of the Standing Committee of the Shanghai Municipal Committee of the Chinese People's Political Consultative Conference since January 2021. Mr. Qu has served as an executive director, the general manager and the deputy secretary of CPC party committee of HSCL since 25 June 2014, and the chairman of the board of directors of HTIH since February 2018.

**Mr. CHENG Chi Ming, Brian**, aged 38, joined the Group in June 2009 and was appointed as an Executive Director of the Company on 1 July 2009. He was re-designated as a Non-executive Director of the Company on 13 January 2010. Mr. Cheng is also a member of the Strategic Development Committee of the Company. 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 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 and a non-executive director of Wai Kee Holdings Limited. The shares of all these companies are listed on the Stock Exchange. Mr. Cheng was a non-executive director of Leyou Technologies Holdings Limited (resigned on 5 June 2019), whose shares were listed on the Stock Exchange. In addition, Mr. Cheng is also the chairman of Goshawk Aviation Limited, and a director of SUEZ NWS Limited and 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.

**Mr. ZHANG Xinjun**, aged 45, was appointed as a Non-executive Director of the Company on 27 March 2018 and is a member of Audit Committee and the Strategic Development Committee. Mr. Zhang holds a postgraduate Master degree in Management from the Department of Accounting of Nankai University. He is a Chinese Middle Grade Accountant and has extensive experience in financial accounting, finance management and merger and acquisition. Mr. Zhang joined the Company in March 2010 and was appointed as the Chief Financial Officer of the Company and was also a member of the Executive Committee of the Company. Prior to joining the Company, Mr. Zhang worked at the Planning and Finance Department of HSCL and had been the Chief Financial Officer of HTIH since March 2009. He has been appointed as the Chief Financial Officer and a member of the assets and liabilities allocation committee of HSCL and ceased to act as the Chief Financial Officer of the Company with effect from 27 March 2018. Mr. Zhang has been appointed as a non-executive director of Haitong Bank, S.A. since January 2018, and a director of Haitong Investment Ireland P.L.C. since February 2020. All these companies are wholly-owned subsidiaries of HTIH. He has also been appointed as a director of Fullgoal Fund Management Co., Ltd, an affiliate of HSCL, since February 2019.



## Independent Non-executive Directors

**Mr. WAN Kam To**, aged 68, was appointed as an Independent Non-executive Director of the Company on 19 June 2018 and is the chairman of the Audit Committee and a member of the Risk Committee. 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 council member of The Open University of Hong Kong, a fellow member of HKICPA and the Association of Chartered Certified Accountants. He has been appointed as the non-executive director of the 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, China Resources Land Limited, Fairwood Holdings Limited, KFM Kingdom Holdings Limited, and Target Insurance (Holdings) Limited. The shares of all these companies are listed on the Stock Exchange. He also serves as an independent director of China World Trade Center Co., Ltd. (listed on the SSE). Mr. Wan was previously an independent non-executive director of Kerry Logistics Network Limited (listed on the Stock Exchange) from November 2013 to May 2019, an independent non-executive director of Shanghai Pharmaceuticals Holding Co., Ltd. (listed on the Stock Exchange and the SSE) from June 2013 to June 2019, an independent non-executive director of Huaneng Renewable Corporation Limited (listed on the Stock Exchange) from August 2010 to June 2019 and an independent non-executive director of Harbin Bank Co., Ltd. (listed on the Stock Exchange) from October 2013 to October 2019.

**Ms. LIU Yan**, aged 50, was appointed as an Independent Non-executive Director of the Company on 19 June 2018 and is a member of the Nomination Committee. She holds a Bachelor degree in economics from Central University of Finance and Economics and Master Degree in Business Administration from the University of Rochester. She is a member of Chinese Institute of Certified Public Accountants (CICPA) and passed all tests for Chartered Financial Analyst (CFA) Program. Ms. Liu has over 20 years of experience in auditing, financial management, taxation and fund management. From 1992 to 1994, Ms. Liu worked at Brilliance Group Holdings Limited in Shanghai. From 1994 to 2001, Ms. Liu worked at PricewaterhouseCoopers in Guangzhou. In 2005, Ms. Liu joined Global Financial Risk Management Department at Barclays Capital (New York). She worked at Angelo Gordon Asia Limited from 2007 to 2010. From 2010 to 2015, Ms. Liu worked at Fund Management Department and Investment Management Department in China Everbright Limited (Hong Kong). Ms. Liu is currently an independent non-executive director of Tai United Holdings Limited, Great Wall Pan Asia Holdings Limited and Planetree International Development Limited. She was an independent non-executive director of U Banquet Group Holding Ltd. from November 2016 to September 2018. The shares of all these companies are listed on the Stock Exchange.

**Mr. LIU Swee Long Michael**, aged 60, was appointed as an Independent Non-executive Director of the Company on 28 May 2021, and is the chairman of the Remuneration Committee and a member of Nomination Committee and Risk Committee. He 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), advising 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 ("HKEx"), 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.



**Mr. ZHANG Huaqiao**, aged 58, was appointed as an Independent Non-executive Director of the Company on 28 May 2021, and is the chairman of the Risk Committee and a member of the Audit Committee and Remuneration Committee. He 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 Stock Exchange of Hong Kong Limited (the "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 Wanda Hotel Development Company Limited (stock code: 169) from 1 September 2014 to 30 May 2018, Sinopec Oilfield Service Corporation (stock code: 1033) from 9 February 2015 to 20 June 2018, and China Huirong Financial Holdings Limited (stock code: 1290) from 6 October 2013 to 28 May 2021, as well as a non-executive director of Boer Power Holdings Limited (stock code: 1685) from 9 November 2011 to 6 May 2019 and China Smartpay Group Holdings Limited (stock code: 8325) from 15 September 2017 to 20 January 2020. The shares of all these companies are listed on the Stock Exchange.

## 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 and holding such shares, debentures or other obligations of the Issuer or to any land leased or let to the Issuer.

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 including any premium payable on redemption of the Notes, 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 assessable profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

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

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

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and 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, from the carrying on of a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

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

### ***Stamp Duty***

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

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

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any sale and purchase, or change in beneficial ownership 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 Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong)).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 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 financial transactions tax (“**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, [●] 2021 and as further amended and/or supplemented from time to time (the “**Dealer Agreement**”), agreed with the Issuer, a basis on which they or any of them may from time to time agree to subscribe 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 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 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 Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase 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 and 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 the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in UK. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”);
  - (ii) a customer within the meaning of Directive (EU) 2016/97 “**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 “**EU Prospectus Regulation**”)

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area and the United Kingdom (each, a “**Relevant 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 (or are the subject of the offering contemplated by a supplemental offering circular, as the case may be) to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant 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 EU 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 EU 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 EU 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 EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant 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 “**EU 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, the expression “retail investor” means a person who is one (or more) of the following:

- (a) 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;
- (b) 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
- (c) 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**”).

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:

- (a) 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;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (c) 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
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

**provided that** no such offer of Notes referred to in (b) to (d) 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 China Securities Regulatory Commission (“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***

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such 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 such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) 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)(i)(B) 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 “**Financial Instruments and Exchange Act**”). 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, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act 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.

## **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 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 25 June 2021.
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 2020.
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(j) 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, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection 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:
  - (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 of, and for, the years ended 31 December 2019 and 2020;

- (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);
  - (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 of, and for, the years ended 31 December 2019 and 2020, which are incorporated by reference in this Offering Circular, have been audited by Deloitte Touche Tohmatsu Certified Public Accountants Hong Kong, as stated in its report appearing herein.

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