HAITONG BANK, S.A.

Public limited company (*sociedade anónima*)

Registered office: Rua Alexandre Herculano 38, 1269-180 Lisboa, Portugal

Fully subscribed and paid-up share capital: €844,769,000.00

Registered at the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 501 385 932

PROSPECTUS

FOR

ADMISSION TO TRADING ON LUXEMBOURG STOCK EXCHANGE AND EURONEXT LISBON OF €230,000,000 FLOATING RATE SENIOR GUARANTEED NOTES DUE 2025

("NOTES")

unconditionally and irrevocably guaranteed by

HAITONG SECURITIES CO., LTD.

(海通證券股份有限公司)

(incorporated with limited liability in the People's Republic of China)

This Prospectus should be read together with the documents incorporated by reference, which form part of it.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*".

3 February 2022

TABLE OF CONTENTS

1. INTRODUCTIONS AND WARNINGS

All capitalised terms have the meanings ascribed to them in section 17 (*Definitions*). All references to laws and regulations refer to such laws and regulations as amended from time to time.

The €230,000,000 Floating Rate Senior Guaranteed Notes due 2025 ("**Notes**") will be issued by Haitong Bank, S.A. ("**Issuer**" or "**Manager**", as the case may be) on 8 February 2022 ("**Issue Date**") and will be unconditionally and irrevocably guaranteed ("**Guarantee**") by Haitong Securities Co., Ltd. ("**Guarantor**"), a company incorporated in the PRC with limited liability.

The Issuer's obligations under the Notes will constitute direct, senior, unconditional unsecured and unsubordinated obligations of the Issuer, guaranteed by the Guarantor as described below, ranking *pari passu* without any preference among themselves and *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, unless such obligations are accorded priority under mandatory statutory law.

The Notes will bear interest at a floating rate on their outstanding principal amount at the applicable Interest Rate from (and including) the Issue Date and payable on each Interest Payment Date, subject to and in accordance with the provisions of Condition 5 (*Interest*) and Condition 7 (*Payments*). Interest on the Notes in respect of the first Interest Period shall be payable on 8 May 2022, and thereafter interest shall be payable on the Notes quarterly in arrear on each Interest Payment Date.

The Guarantor will enter into a deed of guarantee ("**Deed of Guarantee**") on or about the Issue Date in relation to the Guarantee. The Guarantor will be required to file or cause to be filed with SAFE the Deed of Guarantee within 15 PRC Business Days after the execution of the Deed of Guarantee.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on the Interest Payment Date falling on, or nearest to, 8 February 2025 ("**Maturity Date**"). Noteholders will have no right to require the Issuer to redeem or purchase the Notes at any time, except if a Relevant Event (as defined in Condition 6.3 (*Investor put option - redemption for Relevant Events*)) has occurred and is continuing.

At any time following the occurrence of a Withholding Tax Event as defined in Condition 6.2 (*Redemption for taxation reasons*), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any interest accrued up to (but excluding) the date set for the redemption) provided that no less than 30 or more than 60 days' notice has been served by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date for redemption) and in writing to the Paying Agent and the Agent.

This document (the "**Prospectus**") constitutes a prospectus for the purposes of Article 6 of the Prospectus Regulation.

THE CSSF HAS APPROVED THIS PROSPECTUS ON 3 FEBRUARY 2022. THE PROSPECTUS WILL BE VALID FOR 12 MONTHS FROM THE DATE OF ITS APPROVAL BY THE CSSF IN RELATION TO NOTES WHICH ARE TO BE ADMITTED TO TRADING ON A REGULATED MARKET IN THE EEA AND/OR OFFERED TO THE PUBLIC IN THE EEA, OTHER THAN IN CIRCUMSTANCES WHERE AN EXEMPTION IS AVAILABLE UNDER ARTICLE 1(4) AND/OR 3(2) OF THE PROSPECTUS REGULATION, AND WILL EXPIRE WITH RESPECT TO SUCH NOTES ON 3 FEBRUARY 2023 INCLUDED. THE OBLIGATION TO SUPPLEMENT THIS PROSPECTUS IN THE EVENT OF A SIGNIFICANT NEW FACTOR, MATERIAL MISTAKE OR MATERIAL INACCURACY DOES NOT APPLY WHEN THIS PROSPECTUS IS NO LONGER VALID.

This Prospectus has been approved by the CSSF, as competent authority under the Prospectus Regulation According to Article 6(4) of the Luxembourg act dated 16 July 2019 on prospectuses for securities ("**Luxembourg Law on Prospectus**"), the CSSF does not assume any responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer or the Guarantor. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus. Application has been made to (i) the Luxembourg Stock Exchange, for the Notes to be admitted to trading on the *Bourse de Luxembourg*, which is the regulated market of the Luxembourg Stock Exchange, and to be listed on the official list of the Luxembourg Stock Exchange; and (ii) Euronext, for the Notes to be admitted to trading on Euronext Lisbon. The Bourse de Luxembourg and Euronext Lisbon are regulated markets for the purposes of MiFID II.

The Notes will be issued in dematerialised book-entry form (*forma escritural*) and will be in registered (*nominativas*) form, in denominations of €100,000, and will be integrated in and held through Interbolsa, as the entity responsible for the management and operation of the CVM. The CVM currently has links in place with Euroclear and Clearstream, Luxembourg through Securities Accounts held by Euroclear and Clearstream, Luxembourg with Affiliate Members of Interbolsa or directly with Interbolsa.

The Notes are intended to constitute eligible collateral for the Eurosystem monetary policy, provided the other eligibility criteria are met.

The Notes are expected to be rated BBB by S&P upon issue. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

S&P is established in the EU and registered in accordance with the EU CRA Regulation, and appears on the latest update of the list of registered credit rating agencies on ESMA's website at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*".

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

Certain information in this Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

This Prospectus is to be read in conjunction with all documents which are incorporated by reference herein (see section 15. "*Documents incorporated by reference and documentation available to the public*").

Neither this Prospectus or any other information supplied in connection with the offering of the Notes is intended to constitute, and should not be considered as, a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each potential purchaser should make its own independent investigation of the financial condition and affairs of and its own approval of the creditworthiness of the Issuer. Each potential purchaser of Notes should determine for itself the relevance of information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary.

Neither the delivery of this Prospectus nor the offering, placing, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement; (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and (e) is 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.

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 or pledge 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.

OFFER RESTRICTIONS

The distribution of this Prospectus may be restricted in certain jurisdictions and may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus has been prepared for the admission to trading of the Notes on the *Bourse de Luxembourg* and Euronext Lisbon regulated markets and does not constitute an offer of, or an invitation to subscribe for or purchase any Notes in any jurisdiction in which such offer or invitation would be unlawful. The Issuer requires persons into whose possession this Prospectus comes to inform themselves about and observe all such restrictions. Neither the Issuer nor any of their respective affiliates and/or representatives, accepts any legal responsibility for any violation by any person, whether or not a prospective seller or purchaser of the Notes, of any such restrictions.

The Notes have not been and will not be registered under the Securities Act and are not being offered or sold except to non-U.S. persons in offshore transactions in reliance on Regulation S thereunder. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of 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 MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' 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 manufacturer's (if any) product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients,

as defined in the Regulation (EU) No. 600/2014, as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer's (if any) target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's (if any) target market assessment) and determining appropriate distribution channels.

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

UK PRIIPs Regulation / Prohibition of sales to UK retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA ("**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.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Manager do not represent that this Prospectus may be lawfully distributed, or that the 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, and do not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Manager which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor 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. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA, Portugal, Canada, Italy, the UK and Singapore. See section 14 (*Subscription and Sale*).

Notice to prospective investors in the United States

The Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the U.S. for offer or sale as part of their distribution and may not be offered or sold within the U.S. unless the Notes are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available. All offers and sales of the Notes will be made outside the U.S. in "offshore transactions" as defined in, and in compliance with, Regulation S and in accordance with applicable law. The distribution of this Prospectus and the offer and sale of the Notes in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. See section 14 (*Subscription and Sale*).

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY U.S. STATE SECURITIES COMMISSION NOR ANY NON-U.S. SECURITIES AUTHORITY HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED THAT THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Notice to Investors in the European Economic Area

This Prospectus has been prepared on the basis that any offer to purchase Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes to the public. Accordingly, any person making or intending to make an offer of the Notes in any such Member State may only do so in circumstances where no obligation arises for the Issuer or the Guarantor to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Neither the Issuer nor the Guarantor have authorised, nor do they authorise, the making of any offer in respect of the Notes in circumstances where an obligation arises for the Issuer or the Guarantor to publish or supplement a prospectus for such offer.

For persons in Member States of the EEA, this Prospectus is only addressed to, and directed at, (i) persons who are "qualified investors" within the meaning of the Prospectus Regulation ("**Qualified Investors**"); or (ii) fewer than 150 natural or legal persons per Member State, other than Qualified Investors.

In any Member State, this Prospectus is directed only at Qualified Investors or fewer than 150 natural or legal persons per Member State, other than Qualified Investors, and must not be acted on or relied upon by persons who are not Qualified Investors or, if other than Qualified Investors, fewer than 150 natural or legal persons per Member State. Any investment or investment activity to which this Prospectus relates is available in any Member State only to Qualified Investors or to fewer than 150 natural or legal persons who are not Qualified Investors and will be engaged in only with such persons.

Notice to Investors in the United Kingdom

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom; or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") and (iii) to high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA in connection with the issue or sale of any Notes of the Issuer may otherwise lawfully be communicated or caused to be communicated (all such persons in (i), (ii), (iii) and (iv) above together being referred to as "**relevant persons**"). This Prospectus is only available to and is only directed at relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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

Notice to investors in Canada – The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit

prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

GENERAL

Amounts payable under the Notes will be calculated by reference to EURIBOR, which is provided by the EMMI. As at the date of this Prospectus, EMMI appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the EU Benchmark Regulation.

FORWARD-LOOKING STATEMENTS

Each of the Issuer and the Guarantor has made certain forward-looking statements in the Prospectus. Certain information contained in this Prospectus, including (but not limited to) any information as to the Issuer's and/or the Guarantor's strategy, market position, plans or future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "budget", "project", "aim", "estimate", "may", "will", "could", "should", "schedule" and similar expressions identify forward-looking statements.

This Prospectus includes "forward-looking statements" within the meaning of the securities laws of certain jurisdictions. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "target", "believe", "estimate", "anticipate", "expect", "aim", "plan", "seek", "intend", "may", "might", "will", "could", "continue", "is likely to", "forecast", or "should" or, in each case, their negative, or other variations or comparable terminology. Forward-looking statements include all statements (whether made by the Issuer or the Guarantor) that are not historical facts. Forward-looking statements appear in a number of places in this Prospectus and include, among other things, statements addressing matters such as: (i) the Issuer's and/or the Guarantor's strategy, outlook and growth prospects; (ii) the Issuer's and/or the Guarantor's financial condition; (iii) the Issuer's and/or the Guarantor's working capital, cash flow and capital expenditures; (iv) the Issuer's and/or the Guarantor's dividend policy; (v) the Issuer's and/or the Guarantor's business strategy, plans and objectives for future products and services, future operations and events; (vi) the Issuer's management targets; (vii) the impact of regulation on the Issuer's and/or the Guarantor's operations; (viii) general economic trends and trends in the Issuer's and/or the Guarantor's industry; and (ix) the competitive environment in which the Issuer and the Guarantor operates.

Although the Issuer and the Guarantor believe that the expectations reflected in these forward-looking statements are reasonable, by their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Issuer's and/or the Guarantor's actual results of operations, financial condition and liquidity, and the development

of the industry in which the Issuer and/or the Guarantor operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. Potential investors should not place undue reliance on these forward-looking statements. In addition, even if the Issuer's and/or the Guarantor's actual results of operations, financial condition and liquidity, and the development of the industry in which the Issuer and/or the Guarantor operate, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, risks, uncertainties and other important factors could cause actual results of the Issuer and/or the Guarantor to differ materially from those expressed or implied in forward-looking statements.

The foregoing list of important factors is not exclusive; when evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Prospectus. New risks can emerge from time to time and it is not possible for the Issuer and the Guarantor to predict all such risks, nor can the Issuer and the Guarantor assess the impact of all such risks on its business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, potential investors should not rely on forward-looking statements as a prediction of actual results. Potential investors should read section 2 (*Risk Factors*) for a more complete discussion of the factors that could affect the Issuer's and/or the Guarantor's future performance and the industry in which they operate.

The Issuer and the Guarantor undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, including, without limitation, changes in the Issuer's and/or the Guarantor's business or acquisition strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events, except as required by law or by the rules and regulations of the CSSF and Luxembourg Stock Exchange. All subsequent written and oral forward-looking statements attributable to the Issuer and/or the Guarantor or to persons acting on the Issuer's and/or the Guarantor's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

The historical financial information incorporated by reference in this Prospectus has been prepared in accordance with the IFRS, as adopted by the European Union and issued by the International Accounting Standards Board. The historical financial information presented in this Prospectus consists of audited consolidated financial information of the Issuer and of the Guarantor for the financial periods ended on 31 December 2019 and on 31 December 2020 ("**Annual Audited Consolidated Financial Statements of the Issuer**" and "**Annual Audited Consolidated Financial Statements of the Guarantor**", respectively), and the unaudited interim consolidated financial statements of the Issuer and the Guarantor for the six

month period ended 30 June 2021 ("**Unaudited Interim Financial Statements of the Issuer**" and "**Unaudited Interim Financial Statements of the Guarantor**", respectively) (which include, for comparison purposes, the unaudited consolidated income statement for the six month period ended 30 June 2020) (together, "**Historical Financial Information**").

Such unaudited interim consolidated financial statements of the Issuer and the Guarantor have not been audited and should thus not be relied upon by investors to provide the same quality of information as information subject to an audit. Potential investors must exercise caution when using such data to evaluate the Issuer's or the Guarantor's financial condition or results of operations. Such unaudited interim consolidated financial statements of the Issuer and the Guarantor as at and for the six months ended 30 June 2021 should not be taken as an indication of the expected financial condition and results of operations of the Issuer or the Guarantor for the full financial year ended 31 December 2021.

Alternative Performance Measures

To supplement the Issuer's consolidated financial statements presented in accordance with IFRS, the Issuer uses certain ratios and measures which are included in this Prospectus and which the Issuer considers to constitute "*alternative performance measures*" (each an "**APM**") for the purposes of the ESMA Guidelines on Alternative Performance Measures ("**ESMA Guidelines**") published by ESMA on 5 October 2015. The ESMA Guidelines provide that an APM be understood as "a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework".

The Issuer discloses these APMs for better understanding of its financial performance. These APMs constitute additional financial information and shall not, in any circumstance, replace the financial information produced under the applicable reporting framework. The definition and calculation of APMs by the Issuer may differ from the definition and calculation of APMs used by other companies and may not be comparable.

Banking Income	Banking income measures the balance between bank operating revenues and expenses, namely the net interest margin, net fees and commissions and the capital market results.
Operating Costs	Operating expenses are the costs that the Bank must incurred to perform its operational activities, namely the employee costs, the administrative costs and the depreciations and amortisations.
Operating Profit	Operating profit are the net between Banking Income and Operating costs.
Impairment and Provisions	Impairment and provisions includes the impairment recognised on financial assets, impairment recognised on other assets and provisions.

Net Profit / Loss	Net profit includes the Net Income before Taxes deducted by the deferred and current taxes and the non-controlling interests.

Currency Presentation

Unless otherwise indicated, all references in this Prospectus to "**€**" or "**euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Community. The Issuer prepares its financial statements in euro and the Guarantor prepares its financial statements in RMB.

Unless otherwise indicated, the financial information contained in this Prospectus is expressed in euro.

Roundings

Percentages and certain amounts in this Prospectus, including financial, statistical and operating information, may have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

2. RISK FACTORS

Any investment in the Notes is subject to a number of risks, most of which are contingencies which may or may not occur, and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring.

Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, the Issuer, Haitong Bank Group, the Guarantor, Haitong Group or any of their activities and businesses, and the market in which they operate, together with all the other information contained, and incorporated, in this document. This section describes the risk factors considered to be material by the Issuer and the Guarantor. The Issuer and the Guarantor have assessed the relative materiality of the risk factors based on the probability of their occurrence and expected magnitude of their negative impact. The order of the categories does not imply that any category of risk is more material than any other. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be other risks and uncertainties currently not known to the Issuer or the Guarantor or which are currently not considered material. Should any of the risks described below, or any other risks or uncertainties, occur this could have a material adverse effect on the Issuer, the Haitong Bank Group, the Guarantor and/or the Haitong Group's business, results of operation, financial condition or prospects, which would in turn be likely to cause the price of the Notes to decline, potentially resulting in an investor in the Notes losing some or all of its investment. This Prospectus also contains statements about future events that involve risks and uncertainties. Please note that actual results may differ materially from those foreseen in these forward-looking statements.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision and consult with their own professional advisors (if they consider it necessary).

I. Risks related to the Issuer

2.1. Risks related to the economic and financial environment

2.1.1. Risks related to the adverse consequences of the ongoing COVID-19 pandemic

A widespread pandemic of the severe respiratory syndrome coronavirus 2 (SARS-CoV-2) and of the infectious disease COVID-19, caused by the virus, is currently taking place worldwide, affecting a large portion of the global population.

The impact of COVID-19 on global markets has been wide-ranging, with increasing short-term volatility and a contraction in activity in the main economies. The pandemic caused various countries, including Portugal, Spain, Poland, Brazil, China and other countries where the Haitong Bank Group and the Haitong Group develop their respective activities, to declare states of emergency and to adopt different restrictive measures (including constitutional exception measures), such as the imposition of lockdowns and travel restrictions, the establishment of mandatory quarantines and the temporary shutdown of various

institutions and businesses. Although the full implications of the COVID-19 outbreak cannot be entirely determined yet, the pandemic has had a material adverse impact globally, including on the Portuguese economy and on the Portuguese market, as well as on the markets of other jurisdictions where the Haitong Bank Group operates or is exposed to.

Portugal's GDP fell 8.4 per cent. in 2020 (*Source: INE, National Accounts, September 2021*). The progress made in the rolling out of vaccination programmes and other measures to avoid the widespread of the pandemic in Portugal, together with several governmental initiatives were aimed at mitigating the severe adverse impacts of the pandemic in Portugal and promoting the recovery of economic activity in 2022 and the coming years. In this context, the Bank of Portugal foresees GDP growth of approximately 4.8 per cent. in 2021 and 5.8 per cent. in 2022 (*Source: Bank of Portugal, Economic Projections, December 2021*). The successful rolling out of vaccination programmes, aggressive fiscal and monetary policy stimuli and the gradual lifting of restrictions on economic activity at a more global level may also be expected to support growth in other economies which are relevant for the Issuer and the Haitong Bank Group. The IMF expects the global economy to grow by 5.9 per cent. in 2021 and 4.9 per cent. in 2022, following the 3.1 per cent. contraction registered in 2020. For the euro area, the IMF foresees GDP growth of approximately 5 per cent. in 2021 and 4.3 per cent. in 2022 (*Source: IMF, World Economic Outlook Update October 2021*). However, this scenario is still uncertain and there is a possibility that mutations and new variants of SARS-CoV-2, such as the recent Omicron variant, may be resistant to current or future vaccines, leading to increases in new cases and delays in the resurgence of the main global economies. Additionally, the deterioration of the Portuguese economy's productive capacity could end up becoming more permanent, particularly in sectors associated with tourism and hospitality, which have been more adversely affected by the pandemic and related lockdown and travelling restriction measures.

Several financial institutions worldwide, including the Issuer, took unprecedented measures to deal with the pandemic, including having the majority of its employees working remotely. An outbreak of the virus amongst the Issuer's employees or within its facilities, or any quarantines affecting the Issuer's employees, may reduce the Issuer's personnel's ability to carry out their work as usual. Furthermore, the current COVID-19 pandemic and any potential future outbreaks may also have a material adverse effect on the Issuer's counterparties and/or clients, which could result in increased default risk in the performance of the obligations assumed by them, ultimately exposing the Issuer to an increased number of defaults and insolvencies amongst its counterparties and/or clients.

On 2 April 2020, the European Banking Authority ("**EBA**") issued guidelines (EBA/GL/2020/02) on public and private payment moratoria on loan repayments applied before 30 June 2020, aiming to clarify the following points in the context of the COVID-19 pandemic: (i) the criteria payment moratoria must fulfil to not trigger forbearance classification; (ii) the application of prudential requirements in the context of these moratoria; and (iii) ensuring the consistent treatment of such measures in the calculation of own funds requirements. The EBA's guidelines clarify that payment moratoria do not trigger classification as forbearance or distressed restructuring if the measures taken are based on applicable national law or on

an industry or sector-wide private initiative agreed and applied broadly by the relevant credit institutions. In addition, the guidelines recall that institutions must continue to adequately identify those situations where borrowers may face longer-term financial difficulties and classify exposures in accordance with the existing regulation. The requirements for the identification of forborne exposures and defaulted obligors remain in place. The application of these guidelines was extended to 30 September 2020 and, on 21 September 2020, the EBA announced it would phase out their applicability until the end of September deadline. On 2 December 2020, the EBA re-activated its guidelines on moratoria by introducing a new deadline of 31 March 2021 for the application of moratoria. The regulatory treatment set out in the guidelines will continue to apply to all payment holidays granted under eligible payment moratoria prior to 1 April 2021, thus avoiding cliff effect risks of having to abruptly reclassify existing loans at a later stage.

Further measures adopted by the Issuer at its own initiative in order to mitigate the impact of the ongoing outbreak may also affect the Issuer. It is not possible at this stage to assess all the specific measures that may be implemented to contain the effects of the COVID-19 pandemic going forward and the impact thereof, which may adversely affect the Issuer's business, results of operation, financial condition or prospects.

2.1.2. Risks related to the Portuguese economy

The Issuer's business model is centred in corporate and investment banking and to provide financial services to institutional clients, being thus particularly exposed to macroeconomic conditions, which affect growth in the Portuguese market, which are in turn affected by both domestic and international economic and political events.

The last decade was initially influenced by the implementation of the memorandum of understanding on financial assistance entered into with the International Monetary Fund ("**IMF**"), the European Commission and the European Central Bank ("**ECB**") to address the deteriorating economic conditions in Portugal stemming from the global financial crisis of 2007/2008 of the Economic Adjustment Programme ("**Financial Assistance Programme**"). Since the completion of the Financial Assistance Programme, economic conditions in Portugal have improved until the end of February 2020, a situation that changed dramatically in March 2020, when the COVID-19 pandemic crisis hit Portugal.

Portuguese Government implemented a comprehensive package of measures which included measures to counter the negative economic impact of COVID-19, e.g. guarantee programmes for affected companies and income support measures. At EU level, the ECB announced a Pandemic Emergency Purchase Programme ("**PEPP**"), which currently has an overall envelope of €1,850 billion that could be increased. Purchases will be conducted until the first quarter of 2022 – and possibly extended – and will include all asset categories eligible under the existing asset purchase programme ("**APP**"), with the aim of eliminating any risks to the smooth transmission of its monetary policy in all jurisdictions of the euro area. The ECB will be flexible when conducting these purchases in order to ensure that euro area banks can access central bank cash during the coronavirus pandemic. To qualify as collateral, the bonds must have been rated as

investment grade on 7 April 2020 (by at least one rating agency recognised by the ECB). This instrument should help contain any significant increase in Portuguese bond yields, even if downgraded to levels below investment grade. However, the ECB's monetary policy has come under scrutiny after the German Constitutional Court ruled that some aspects of the institution's earlier bond-buying programme are not backed by EU treaties and thus needed to be fixed. Worries that similar lawsuits could undermine the PEPP have fuelled unease and uncertainty in European sovereign debt markets and its future intervention could therefore become conditioned.

In the context of the COVID-19 pandemic, in April 2020 Fitch and S&P revised their outlook for Portugal from "positive" to "stable". This reflects the pandemic's significant impact on the Portuguese economy and the sovereign's fiscal position, exposing Portugal's small and open economy, with its high dependence on tourism, to downside risks related to the severity and duration of the COVID-19 pandemic.

With restrictions starting to ease in May 2020, economic activity gradually increased. GDP increased 14.7 per cent. quarter-on-quarter in the third quarter of 2020 and 0.3 per cent. quarter-on quarter in the last quarter of 2020 (Source: Statistics Portugal). However, it remained well below the pre-pandemic level, particularly in sectors and businesses that had been most hard hit, such as airlines and hotels. The approval of the EU Recovery Fund (Next Generation EU) by the European Council on 21 July 2020 has led to a visible reduction of the spread between peripheral economies' debt yields versus Germany. With a total amount of €750 billion (€390 billion in grants and €360 billion in loans), the EU Recovery Fund was perceived as a key step towards deepening European fiscal integration and an important instrument in promoting a more robust recovery of activity in Europe.

In what concerns the labour market, the relatively limited deterioration during 2020 can be attributed to the Portuguese Government's short-term work schemes, such as "temporary layoff" or "support for the gradual recovery of activity", which helped offset the pandemic's shock waves.

In the first quarter of 2021, a new wave of the COVID-19 pandemic forced the imposition of stricter lockdown measures, which again had a negative effect on economic activity. GDP fell 3.3 per cent. quarter-on quarter in the first quarter of 2021, or 5.7 per cent. year-on-year (Source: Statistics Portugal). However, the reopening of the economy led to a new wave of cases during the summer months of 2021, with a daily peak of close to 4400 in late July (Source: DGS, Ministry of Health), hence evidencing the volatility of the situation. The accelerated pace of vaccination in Portugal meant that 8.9 million people (around 86 per cent. of the population) were fully vaccinated by the end of October. The progress in vaccination and the removal of most restrictions at the end of the "state of contingency" in October allowed an improvement in most indicators of economic activity, sustaining expectations of economic recovery. GDP increased 4.4 per cent. and 2.9 per cent. quarter-on-quarter in the second and third quarters of 2021, respectively, or 16.1 per cent. and 4.2 per cent. year-on-year (Source: Statistics Portugal). The Bank of Portugal expects annual GDP to grow by approximately 4.8 per cent. in 2021 and 5.8 per cent. in 2022 (Source: Bank of Portugal, Economic Projections, December 2021). However, a new COVID-19 variant was discovered in South Africa in November 2021 and rapidly spread in Portugal in December 2021 and January 2022. The

long-term economic and social effects of this variant, as well as the measures that may be introduced to counteract it in the future, are uncertain as at the date of this Prospectus, as uncertain is also the discovery of new variants and the impact thereof.

Accordingly, significant uncertainties remain due to the pandemic's tremendous impact across various sectors. Further waves of infection due to virus mutations, leading to a reintroduction of restrictive measures on activity and/or the worsening of the health crisis in Portugal, other European countries and generally worldwide, would weaken recovery in 2022. Such a scenario would exacerbate negative spill-overs to the labour market, banking sector and public finances.

Taking into account the above, the economic and social consequences of the COVID-19 pandemic caused a sizeable deterioration in the general government balance in 2020, reflecting the operation of the automatic stabilisers and the need for significant fiscal policy support. The general government balance fell from 0.1 per cent. to -5.7 per cent. of GDP in 2020 (Source: IGCP, Ministry of Finance, December 2021), with this deterioration having been driven by increases in most expenditure items (particularly subsidies and social transfers) as well as decreases in current revenue, reflecting the strong contraction in relevant tax bases. Risks to the budgetary forecast are tilted to the downside, linked to uncertainties surrounding the country's epidemic evolution and the persistence of its economic and social effects, as well as the surge in public contingent liabilities on top of non-negligible pre-existing levels partly related to potential further fiscal impacts of additional bank support measures. The public debt ratio reached 133.6 per cent. of GDP in 2020 and is expected to fall to 128 per cent. of GDP in 2021 (Source: IGCP, Statistics Portugal and Ministry of Finance, December 2021). Independent of the COVID-19 measures, there were pressures on the expenditure side of the budget, particularly compensation of employees, as well as on pension and healthcare spending. The evolution of public debt will be highly dependent on the pace of fiscal consolidation and the Portuguese Government's ability to introduce new measures that offset the rising costs of ageing.

The EC has warned that the COVID-19 crisis could lead to a further widening of economic divergences in the EU. While the COVID-19 pandemic is a symmetric shock, its impacts differ across EU member states depending on the severity of the pandemic and of related containment measures, different exposures (e.g. the relative economic weight of the tourism sector), and the available space for discretionary fiscal policy responses. The EC has emphasised the need for a strong European recovery plan that complements national action to compensate for differences in the policy space among EU member states. The risk is that the crisis will lead to severe distortions within the EU's single market, further entrenching economic, financial and social divergences among EU member states that could ultimately threaten the stability of the Economic and Monetary Union.

Domestic risks also include the potential economic and fiscal impacts of the adjustments being made in the Portuguese banking sector, given the potential impacts of the COVID-19 pandemic on the stock of non-performing exposures and on banks' profitability. The stock of NPLs has consistently declined (from a peak of 17.9 per cent. of total loans in June 2016 to 4.3 per cent. in the second quarter of 2021) (Source: Bank

of Portugal, Portuguese Banking System Statistics, September 2021). However, the ratio of NPLs to total loan exposures is still relatively high, weighing on banks profitability. Policy measures aimed at smoothing a transition period could still be announced, but the end of the loan moratoria in 2021 and the gradual retreat of policy support measures could lead to a deterioration in credit quality, particularly in those sectors more exposed to the effects of the COVID-19 pandemic and which are lagging in the recovery (mainly tourism and hospitality).

Concerns related to macroeconomic conditions in Portugal, including Portuguese public finances and political and social stability, have affected and may continue to affect the business and results of operations of financial institutions in Portugal, including the Issuer. Portugal's fragile demographics (projected declining and ageing population) and low productivity growth exacerbate the growth challenges of the Portuguese economy. Low productivity growth would likely stifle the economy's growth potential, without further improvements in the efficiency of public administration, the judiciary, and the business environment, including with respect to barriers in services markets.

The macroeconomic factors described above could have a material adverse effect on the business, financial condition and results of operations of the Issuer. For further details, see the risk factor entitled "*Risks related to the Issuer – Risks related to the economic and financial environment – Risks related to Portugal being subject to rating downgrades*" below.

2.1.3. Risks related to international economic and financial conditions

The Issuer's businesses and performance have been and may continue to be negatively affected by local and global economic conditions and adverse perceptions of those conditions and future economic prospects, particularly in the regions where the Haitong Bank Group has a relevant presence, as well as earnings and risk exposure.

China

The Issuer's competitive differentiator lies in its China cross-border connection, which makes it a unique player in supporting Chinese companies wishing to access foreign markets for funding and investment. The China region significantly contributes to the revenues and net results of the Issuer.

The activity and results of the Issuer may be negatively affected in the event of:

- A significant slowdown in the Chinese economy. China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain;
- Changes in economic conditions, monetary policy, exchange rate related policies and the regulatory environment;
- Future fluctuations in the value of the RMB. For further details, please see sections 2.4.2. (*Risks related to the business activities of Haitong Group and the markets in which it operates – China has experienced a slowdown in its economic development and the future performance of China's*

economy is uncertain), 2.4.3. (*Risks related to the business activities of Haitong Group and the markets in which it operates – Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC Government could affect Haitong Group's business, results of operation, financial condition or prospects*), 2.4.4. (*Risks related to the business activities of Haitong Group and the markets in which it operates – Uncertainty with respect to the PRC legal system could affect Haitong Group*) and 2.4.5. (*Risks related to the business activities of Haitong Group and the markets in which it operates – Future fluctuations in the value of the Renminbi could materially and adversely affect Haitong Group's business, results of operation, financial condition or prospects*) of this Prospectus.

Brazil

The Issuer has a significant exposure to the Brazilian market, both in terms of assets and revenues.

The Brazilian economy has been marked by the active involvement of the Brazilian government, which often changes monetary, credit, fiscal and other policies and regulations to influence the country's economy. The Brazilian government's actions to control inflation and implement its policies have involved the depreciation of the real, controls over remittance of funds abroad, and intervention by the Central Bank to affect base interest rates, among other measures. The Issuer has no control over and cannot predict what measures or policies the Brazilian government may introduce in the future. As such, Haitong Bank may be adversely affected by changes in Brazilian government policies, laws or regulations at the federal, state and municipal levels as well as by general economic factors, including, without limitation:

- social and political instability;
- banking regulations and regulatory environment;
- growth or downturn of the Brazilian economy;
- inflation; interest rates; variations in exchange rates; exchange rate control policies and restrictions on remittances abroad;
- fiscal policy and changes in the tax law;
- interpretations of labour and social security laws; and
- liquidity of the domestic financial, capital and lending markets.

The uncertainty regarding the implementation of changes by the Brazilian government in policies or standards that may affect these or other factors in the future, aggravated by the impacts of the COVID-19 pandemic, may contribute to greater economic uncertainty in Brazil and to increased volatility in the Brazilian capital markets. In addition, the Brazilian economy has been negatively affected by recent political events that have knocked the confidence of investors and the public in general. The Issuer cannot predict what future policies will be adopted by current or future Brazilian governments and whether these policies will result in adverse consequences to the Brazilian economy or to the Issuer.

Spain

The Issuer operates in Spain through a local platform strongly supported by its Lisbon headquarters. The Spanish market is seen as an extension of Portugal in terms of the Issuer's business.

Should current economic conditions persist or continue to deteriorate, this negative macroeconomic environment could have a material adverse effect on the business and results of operations of the Spain branch, which could include continued decreased demand for its products and services. Any risks related to the implementation of economic policy decisions, namely on the tax front, could negatively affect investors' confidence and economic activity, consequently harming the profitability of the Spanish banking sector.

The Spanish branch's business activity and results are also vulnerable to deterioration due to unfavourable political and diplomatic developments, social instability, and changes in governmental policies.

Poland

The Issuer's operation in Poland allows it to explore business opportunities in the Eastern European market. Through its Warsaw branch, the Issuer is focused on expanding its domestic franchise and positively contributing to its results. Therefore:

- Any deterioration of economic conditions in Poland and instability in the financial markets may constrain economic activity and cause greater volatility in the Polish zloty (PLN) exchange rate, consequently affecting the Issuer's results;
- Any political and legal tensions with the European Union, particularly considering certain recent domestic political decisions, could adversely affect political and social stability in Poland and its economic and financial situation, which could in turn negatively impact the Issuer's activity and results;
- Any risks related to of economic policy decisions, namely on the tax front, taken by the Polish authorities to target the banking system could negatively affect investors' confidence and economic activity, consequently harming the profitability of the Polish banking sector.

2.1.4. Risks related to Portugal being subject to rating downgrades

Rating agencies such as S&P Global Ratings, Moody's Investors Service Inc., Fitch Ratings, Inc and DBRS Ratings GmbH have downgraded Portugal's long and short-term ratings and outlook several times since 2010 due to the risk and uncertainty of a prolonged recession, modest projected growth in GDP, high levels of unemployment, limited fiscal flexibility, the private sector's high leverage and the questionable level of sustainability of Portugal's public debt. Portugal's small and open economy, with its high dependence on tourism, is exposed to downside risks from the severity of adverse circumstances such as the crisis associated with the COVID-19 pandemic, particularly if the country's lockdown or containment measures and travelling restrictions or limitations are enacted or maintained for a prolonged period.

The ability to use Portuguese and other (notably Italian and Spanish) public debt as an asset eligible for collateral for financing with the ECB will depend on the maintenance of an "investment grade" rating by at least one rating agency recognised by the ECB. Non-eligibility could have a material and negative impact on the market value, cost of funding and overall demand for Portuguese public debt.

A credit rating downgrade may occur in the future due to a number of factors, such as lower than expected tax revenues, weaker than expected economic growth, increased public debt as a percentage of GDP, slowdown in corporate sector deleveraging, failure to reduce general public debt, failure to increase GDP ratios, limited access to international financial markets or the failure of structural reforms. Any downgrade in the ratings of Portugal's sovereign debt or other negative statements regarding its credit ratings could negatively impact funding conditions for the Issuer and, as a result, materially and adversely affect the Issuer's business, results of operation, financial condition or prospects.

2.2. Risks related to the Issuer and Haitong Bank Group's business

2.2.1. Risks related to credit profile and asset quality

The sustainability of Haitong Bank Group's business and future growth largely depends on its ability to effectively manage its credit risk and asset quality.

The following indicators characterise the Issuer's credit risk exposure as at 30 June 2021:

- non-performing loans ratio ("**NPL Ratio**") stood at 4.5 per cent.;
- non-performing loans coverage (the ratio of impairment to non-performing loans) reached 17.7 per cent.;
- non-performing exposure ratio ("**NPE Ratio**") stood at 4.4 per cent.; and
- non-performing exposure coverage (the ratio of impairment to non-performing exposure) was 45.7 per cent..

The quality of Haitong Bank Group's credit risk portfolios may deteriorate for various reasons, including factors beyond its control, such as a recurrence of the global credit crisis or other adverse macroeconomic trends which may cause operational, financial and liquidity problems for its customers, thereby affecting their ability to make timely payments. In addition, the collateral and security provided by borrowers may be insufficient to cover its exposure, as result of a sudden market decline that reduces the value of credit risk mitigation instruments.

Thus, in an adverse environment, Haitong Bank Group may not be able to contain the level of its non-performing assets in its current portfolio or the level of new non-performing assets in the future. If its asset quality deteriorates or the level of its impaired receivables increases, this may adversely affect the Issuer's business, results of operation, financial condition or prospects.

2.2.2. Risks related to credit concentration

Haitong Bank Group is exposed to the credit risk of its customers, including risks arising from the high concentration of individual customers (or economic groups), certain industries or geographies. As at 30 June 2021, the Issuer's 20 largest exposures represented 113 per cent. of its total regulatory Own Funds, while in terms of industry concentration Haitong Bank Group's exposure to the transportation infrastructure sector represented 23.4 per cent. of its loan portfolio.

Although the Issuer carries out its business based on strict risk control policies, particularly focused on credit risk, and seeks to increasingly diversify its credit risk related portfolios, if any particular group or cluster of exposure defaults, this could lead to a material increase in impairment charges, which would have an adverse effect on Haitong Bank Group's results and asset quality profile.

2.2.3. Risks related to funding and liquidity

Funding and liquidity risk arise from an institution's present or future inability to meet all payment obligations when they come due or from securing such resources only at an excessive cost. The Issuer manages its liquidity based on a policy which closely monitors a set of liquidity risk metrics, including prudential liquidity ratios, stress testing and liquidity contingency plans, and by setting limits consistent with the Bank's liquidity risk appetite and regulatory requirements.

As of 30 June 2021, Haitong Bank Group reached a liquidity coverage ratio ("**LCR**") of 266 per cent., which represents a resilient short-term liquidity position, comfortably complying with regulatory standards. The LCR measures how adequate the stock of high-quality liquid assets (that can be easily converted into cash) is to meet liquidity needs for a 30-day liquidity stress scenario. Complementarily, the net stable funding ratio ("**NSFR**") constitutes a structural measure aimed at fostering longer-term stability by encouraging banks to adequately manage their maturity mismatches by funding long-term assets with long-term liabilities. As at 30 June 2021, the Issuer reached a NSFR of 180 per cent., ensuring an adequate medium to long term funding profile.

There is no assurance that the Issuer will always be able to comply with these requirements, particularly in relation to the LCR and NSFR regulatory liquidity ratios, or any other requirements that may be introduced in the future.

2.2.4. Risks related to Issuer's activity being subject to market risk

Haitong Bank Group's business is subject to general economic and political conditions, such as macroeconomic and monetary policies, legislation and regulations affecting the financial and securities industries, upward and downward trends in the business and financial sectors, inflation, currency fluctuations, availability of short-term and long-term market funding sources, cost of funding and the level and volatility of interest rates, all of which may adversely affect the financial markets in which the Issuer operates and the value of its assets.

The Issuer estimates the potential losses in its trading book and for the overall commodity and foreign currency positions using the historical Value at Risk ("**VaR**") methodology, calculated considering a 99 per cent. confidence level, an investment period of 10 business days and 1 year of historical observation. As of 30 June 2021, Haitong Bank Group's VaR amounted to EUR 8.1 million.

A reduction in the Haitong Bank Group's income or a loss resulting from its underwriting, investments, foreign currency position and proprietary trading activity could have a material adverse effect on its business, results of operations and financial condition. As a result of these risks, Haitong Bank Group's income and operating results may be exposed to significant fluctuations.

2.2.5. Risks related to interest rate fluctuations on the banking book portfolio

Interest rate risk in the banking book ("**IRRBB**") refers to current or prospective risk to the Issuer's capital and earnings arising from adverse movements in interest rates that affect the Issuer's banking book positions. The Issuer manages IRRBB by measuring the sensitivity of the economic value of its banking book and the sensitivity of its net interest margin expected in a 1-year time horizon. Interest rates are sensitive to several external factors, including tax and monetary policies of governments and central banks as well as domestic and international political conditions. Interest rate changes may affect net interest margin, which may impact on Haitong Bank Group's results from operations. Moreover, changes in interest rates can affect the underlying economic value of the Issuer's assets, liabilities and off-balance sheet instruments, as the present value of future cash flows change when interest rates change. In addition, changes in interest rates affect the Issuer's earnings by increasing or decreasing its net interest income.

As of 30 June 2021, the impact on the banking book economic value, under a parallel shock on the yield curve of +/- 200 bps, was estimated at EUR 15.12 million. Note that a floor of -100 bps was applied to the yield curve to prevent unrealistic scenarios of extremely negative interest rates.

Significant interest rate fluctuations could reduce Haitong Bank Group's interest income or returns on fixed income investments, or increase its interest expenses, or decrease the economic value of assets, any of which could adversely affect the Issuer's business, results of operation, financial condition or prospects.

2.2.6. Risks related to deferred taxes and special regime related with deferred tax assets ("REAID")

The Issuer accounts for deferred taxes assets ("**DTA**") only when it is expected that there will be taxable profits in the future capable of absorbing tax losses carried forward and deductible temporary differences. The Issuer may not be able to generate income to recover deferred taxes.

The historical loss calculation in recent years justified an assessment of the recoverability of deferred tax assets. Such assessment of the recoverability of deferred tax assets (including the rate at which they shall be realised) was carried out by the Issuer based on projections of its future taxable profit, specified in a business plan. The estimate of future taxable profit involves a measured assessment of the future

development of the Issuer's activity and the timing of execution of temporary differences. Changes in relevant law or its interpretation may have an adverse impact on the capital ratio.

Law 61/2014 approved an optional framework, with the possibility of subsequent waiver, according to which, upon certain events (including (a) annual net losses on the separate financial statements, as well as (b) liquidation as a result of voluntary dissolution, insolvency decided by the court or withdrawal of the respective authorisation), the DTAs that have resulted from the non-deduction of expenses and of negative asset variations resulting from impairment losses in credits and from post-employment benefits or long-term employments, will be converted into tax credits. In the case of (a), a special reserve must be created in the amount of the tax credit resulting from the terms of such Law, enhanced with an increase of 10 per cent., which is intended exclusively to be incorporated into the share capital. The creation of such special reserve implies a creation, simultaneously, of conversion rights and of a right to demand the issue of shares by the Issuer in an amount equivalent to such special reserve granted to the Portuguese Republic ("**State Rights**"), such rights being acquirable by the shareholders through payment to the Portuguese State of the same amount. Due to this framework, the recovery of the DTAs covered by Law 61/2014's optional framework is not dependent on future profitability.

Law 23/2016, of 19 August, limited the scope of the regime, determining that tax assets originated in expenses or negative asset variations accounted for after 1 January 2016 are not eligible for the optional framework. The framework set out in Law 61/2014 was further developed by (a) Ministerial Order (*Portaria*) 259/2016, of 4 October 2016, on the control and use of the tax credit and (b) Ministerial Order (*Portaria*) 293-A/2016, of 18 November 2016 (as amended by Ministerial Order (*Portaria*) 60/2020, of 5 March 2020), concerning the conditions and proceedings for the acquisition by shareholders of the referred State Rights. Law 98/2019, of 4 September, established a three year deadline for the acquisition of the referred State rights by the shareholders, after which the board of directors of the issuing bank is obliged to promote the record of the share capital increase by the amount resulting from the exercise of the conversion rights. According to this legislation, among other aspects, such rights are subject to an acquisition right by the shareholders on the date of their creation exercisable in periods to be established by the board of directors until three years after the date of the confirmation date of the tax credit resulting from the conversion of the deferred tax assets by the Portuguese tax authorities. The issuing bank has to deposit in the name of the Portuguese State the amount of the price corresponding to the exercise of the acquisition right of all the conversion rights, within three months beginning from the confirmation date of the deferred tax assets into tax credit, ahead and independently of their acquisition. Such deposit is redeemed when and to the extent that the State Rights are acquired by shareholders or are exercised by the State.

If the Issuer registers a net loss as at the end of a financial year, on an individual basis, then, under the provisions of Law 61/2014, the Portuguese Republic will be granted State Rights, exercisable after the mentioned period of up to 3 years, during which shareholders will have the opportunity to acquire such

conversion rights from the State. If shares are finally issued pursuant to the exercise of such conversion rights, this would dilute the remaining shareholders of the Issuer.

The Issuer registered deferred tax assets regarding expenses and negative asset variations with post-employment or long-term employment benefits and credit impairment losses accounted for up to 31 December 2014, which assets the Issuer deems eligible for the purposes of the framework approved by Law 61/2014. A change in law or a different interpretation of the law, or the non-performance of the abovementioned operations could have an adverse impact on the Issuer's capital ratio.

Any of the aforementioned could result in a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

2.2.7. Risks related to rating reviews of the Issuer from rating agencies

Credit ratings affect the cost and other terms upon which the Issuer is able to obtain funding, including the availability of certain funding instruments. Rating agencies regularly evaluate the Issuer and its long-term credit rating based on a number of factors, including its financial strength, risk profile, Sovereign's credit rating and the conditions affecting the financial services industry generally and the Portuguese banking system in particular.

As at the date of this Prospectus, the Issuer has been assigned a long-term rating of BB (Outlook: "Stable") and a short-term rating of B by S&P. There can be no assurance that this rating agency will maintain the Issuer's current level of rating or outlook.

Although the Notes are guaranteed by the Guarantor, other indebtedness of the Issuer may not be. With respect to such other unguaranteed indebtedness, downgrades or withdrawals of the Issuer's ratings, or the perceived likelihood of a downgrade or withdrawal, could increase its costs and/or constrain the availability of funding or, in a scenario that combines a sharp ratings drop with further deterioration of the credit environment, could result in increasing difficulties or the total inability to access funding in the financial markets. This could have an adverse impact on the Issuer's contractual obligations that depend on rating triggers or the risk perception of the public in general.

Any such downgrade of the Issuer's credit ratings could have an adverse effect on its funding and liquidity position, cost of funding and net interest margin, which could in turn adversely affect the Issuer's business, results of operation, financial condition or prospects.

2.2.8. Risks related to the Issuer's operational risk

The Issuer is subject to certain operational risks, including interruption of service, errors, failure of information systems, negligence or fraud by third parties (including large-scale organised fraud, as a result of the Issuer's financial operations), fraud by the Issuer's own employees or management, breach or delays in the provision of services, breach of confidentiality obligations with regards to customer information and compliance with risk management requirements.

The Issuer may be unable to successfully monitor or prevent all or part of these risks in the future. Any failure to successfully execute the Issuer's operational risk management and control policies could result in reputational damage and/or have a material adverse effect on the Issuer's financial condition and results of operations.

2.2.9. Risks related to Haitong Bank Group, corporate investment and institutional banking

Unfavourable financial or economic conditions, particularly in Portugal, China, Brazil, Spain and Poland, would likely reduce the number and dimension of transactions in which Haitong Bank Group grants loans to its clients or provides underwriting, mergers and acquisitions advisory and other services. Uncertain economic and market conditions can be caused by: (i) decline in economic growth, business activity or investor or business confidence; (ii) limitation on the availability or increase in the cost of credit and capital; (iii) increase in inflation, interest rates, exchange rate volatility, default rates or the price of basic commodities; (iv) outbreak of hostilities, pandemics or other types of geopolitical instability; (v) corporate, political or other scandals that reduce investor confidence in capital markets; or (vi) a combination of these or other factors, e.g. as a result of the significant social, financial, macroeconomic and political disruption caused by the COVID-19 pandemic.

Haitong Bank Group's corporate investment and institutional banking revenues, in the form of financial advisory and underwriting fees, are directly related to the number and dimension of the transactions in which the Issuer participates and would therefore be adversely affected by a sustained market downturn in those geographies where the Issuer is present. Haitong Bank Group's results of operations would be adversely affected by a significant reduction in the number or size of offerings which it underwrites. Haitong Bank Group is frequently engaged by Haitong Group for several types of services assignments, notably in the context of related party transactions as presented in the Annual Audited Consolidated Financial Statements of the Issuer. Any event that may affect Haitong Group, including any instability affecting China or other factors affecting Haitong Group, may lead to a reduction in the level of services provided by Haitong Bank Group to Haitong Group, with the consequent decrease of the revenues obtained by the Issuer from the rendering of such services.

Adverse economic conditions such as a prolonged slowdown in the economies where it operates and the material impact of the COVID-19 pandemic could adversely affect the Issuer's corporate lending and sales and trading business.

2.2.10. Risks related to Haitong Bank Group's corporate investment banking assignments that do not necessarily lead to subsequent assignments

Clients generally retain Haitong Bank Group on a non-exclusive, short-term, assignment-by-assignment basis in connection with specific corporate investment banking assignments or projects, rather than under exclusive long-term contracts.

Since these transactions and engagements do not necessarily lead to subsequent assignments, Haitong Bank Group must constantly seek out new engagements, mainly when its current engagements are successfully completed or terminated.

As a result, high activity levels in any period are not necessarily indicative of continued high levels of activity in subsequent or other periods.

In addition, when an engagement is terminated, whether due to the cancellation of a transaction as a result of market conditions or otherwise, Haitong Bank Group may earn limited or no fees and may not be able to recuperate the costs incurred prior to such termination.

2.2.11. Risks related to pension fund obligations

The Issuer has undertaken the obligation to fund pension plans for its employees upon retirement or due to disability, among other obligations, in accordance with the terms established in the collective labour agreement of the banking sector and with the complementary plan voluntarily established by the Issuer. Hence, the Issuer is subject to actuarial and financial risk arising from those plans.

As at 30 June 2021, the liabilities related to retirement pensions and other employee benefits were wholly funded at levels above the minimum limits set by the Bank of Portugal.

The level of coverage of pension funds liabilities could however turn out to be insufficient, notably if a deterioration of the global financial markets leads to lower investment income and, consequently, a lower value of the fund, which would result in actuarial losses for the year. In addition to such losses requiring contributions to the pension fund, they may have the effect of reducing the Issuer's common equity tier 1 ("**CET1**") capital, undermining the capital ratios.

In December 2020, the pension fund agreement was amended in order to, among other changes, convert the complementary defined benefit plan into a defined contribution plan for participants not yet beneficiaries, thus eliminating the actuarial and financial risks related to those participants. This transaction has since been subject to dispute involving the pension fund's supervisory authority, *Autoridade de Supervisão de Seguros e Fundos de Pensões* ("**ASF**"), and a number of participants. Although the Issuer considers that the transaction fulfilled all applicable legal requirements, there is the risk of litigation over the status of the converted plan and responsibility for its actuarial and financial risks.

2.2.12. Risks related to Issuer's activity being subject to reputational risk

The Issuer is exposed to reputational risk, which is understood as the probability of negative impacts resulting from an unfavourable perception of its public image, whether proven or not, among customers, suppliers, analysts, employees, investors, media and any other bodies with which the Issuer may be related, or even public opinion in general.

The Issuer is also exposed to adverse publicity relating to the financial services industry as a whole. Financial scandals unrelated to the Issuer, or questionable ethical conduct by a competitor, may taint the reputation of the industry and affect the perception of investors, public opinion and the attitude of

regulators. In addition, there is a risk of employees or suppliers conducting activities that violate Haitong Bank Group's values, breach its code of conduct, fail to properly address potential conflicts of interest, could be perceived as unethical, treat customers unfairly, involve corruption or breach legal and regulatory requirements (including money laundering and anti-terrorism financing requirements). Such shortcomings in ethical standards and/or regulatory compliance could result in financial losses, sanctions from supervisory authorities and a tarnished reputation.

The Haitong Bank Group may be unable to detect money laundering, terrorism financing, tax evasion or tax avoidance behaviour by its clients, which could be unfairly attributed to the Bank. Failure to manage this risk could lead to reputational damage and to financial penalties for failure to comply with the required legal procedures or other aspects of applicable laws and regulations.

Any damage to Haitong Bank Group's reputation could cause existing customers and counterparties to withdraw their business and lead to potential customers and counterparties being reluctant to do business with the Issuer, which could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

2.2.13. Risks related to the Issuer being subject to IT and cybercrime risks

Financial institutions in general are heavily and increasingly exposed to IT and cybercrime risks due to the specific nature of their activity. Accordingly, the Issuer's businesses and its ability to remain competitive depend on the ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential and other information in the Issuer's computer systems and networks. Losses may result from errors made by personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations. The Issuer cannot guarantee that its systems, software and networks are invulnerable to unauthorised access, misuse, computer viruses or other malicious code, and other events that could have an impact on security levels. An interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action and reputational harm. There can be no assurances that the Issuer will not suffer material losses from operational risk in the future, including that relating to cyber-attacks or other security breaches. Furthermore, as cyber-attacks continue to evolve, the Issuer may incur significant costs in its attempt to modify or enhance its protective measures or to investigate or remediate any vulnerabilities. Hence, there is a risk that the cyber-security risk is not adequately managed or, even if adequately managed, that a cyber-attack may take place successfully, which could lead to breach of regulations, investigations and administrative enforcement by supervisory authorities in claims that may materially and adversely affect the Issuer's business, reputation, results of operations, financial condition, prospects and its position in legal proceedings.

2.2.14. Risks related to the intense competition faced by the Issuer

The Issuer operates in a highly competitive environment and faces intense competition in most of its business lines. It competes primarily with other corporate and investment banks, commercial banks and securities firms in terms of pricing and the range of products and services offered. In addition, the Issuer and other traditional financial institutions are facing new sources of competition from market entrants, including alternative providers of financial services in the emerging fintech space. The introduction of disruptive technology may impede Haitong Bank Group's ability to grow or attract its market, with a resulting impact on its revenues and profitability. Some of Haitong Bank Group's competitors may have certain competitive advantages, including access to cheaper sources of funding, greater financial resources, stronger brand recognition, broader product and service offer, greater ability to attract and retain talent, more advanced IT systems and a commercial network with wider geographic coverage.

The Issuer may not be able to compete effectively in these markets in the future. If the Issuer is unable to offer attractive products or services, it may incur losses on some or all its activities, which could have a material and adverse effect on its business, financial condition, results of operations and prospects.

2.2.15. Risks related to natural disasters, outbreaks of contagious diseases, terrorist attacks or national security threats in Portugal

The occurrence of any natural disasters or outbreaks of health epidemics and contagious diseases may adversely affect the Issuer's business, financial condition and results of operations. Portugal has experienced natural disasters such as forest fires, earthquakes and floods in the past few years. Any future occurrence of severe natural disasters in Portugal may adversely affect its economy and, consequently, the Issuer's business, financial condition and results of operations. In addition, terrorist attack threats, national security threats, military initiatives and political unrest in various countries and regions may have a material adverse effect on general economic, market and political conditions. The Issuer cannot predict the effects any possible of terrorist attacks, national security threats, military initiatives and political unrest on its business, results of operations and financial condition.

2.3. Legal and regulatory risks

2.3.1. Risks related to legal proceedings

As regulated entities, the Issuer and the Guarantor are from time to time subject to supervisory and administrative inquiries, inspections and investigations in the ordinary course of their respective banking and financial intermediary activities in the jurisdictions where they operate. So far as each of the Issuer and the Guarantor is aware, and except as disclosed below, neither the Issuer nor the Guarantor has been, as at the date of this Prospectus, subject to any such inquiries, inspections or investigations that may have a significant effect on the Haitong Group's business, results of operation, financial condition or prospects.

The Issuer, BES and Novo Banco, S.A. ("**novobanco**") (and, in some cases, supervisory authorities, auditors and former directors from BES) have been sued in civil proceedings associated with facts of the former Grupo Espírito Santo ("**GES**").

Within this framework, Haitong Bank is currently a defendant in a proceeding relating to associated with the share capital increase of BES, which took place in June 2014.

As regards this legal proceeding (case brought by several investment funds), following the decision of the trial court declaring that the case had been "abandoned", the Lisbon Court of Appeal revoked that decision and ordered the continuation of the judicial proceeding. Two of the defendants appealed to the Supreme Court of Justice, which confirmed the decision of the Court of Appeal. Extraordinary Review Appeals were filed with the Constitutional Court, all of which maintained the prior decision of the Lisbon Court of Appeal. The case returned to the trial court (of first instance) for the continuation of its terms, awaiting the scheduling of a preliminary hearing.

Haitong Bank is also a defendant in 10 proceedings, nearly all of which are associated with issues of commercial paper of GES's entities.

Although the outcome of a judicial dispute is by nature uncertain, in the opinion of Haitong Bank's legal department and of the external lawyers to whom the proceedings have been entrusted, and supported by several precedent judicial decisions, such proceedings do not have legal grounds and, accordingly, based on the above, Haitong Bank takes the view that a judgment against Haitong Bank in relation thereto is not likely to occur.

In fact, of the 78 cases filed against Haitong Bank regarding the issue of commercial paper by GES' entities, 47 cases have already been *res judicata* with the total acquittal of Haitong Bank and 21 cases having been withdrawn by the relevant claimants.

On 16 July 2019, Haitong Bank has been notified of a new legal action brought against itself and several former board members of BES, regarding commercial paper issued by Espírito Santo International, S.A. ("**ESI**") and Rio Forte Investments, S.A. ("**Rio Forte**") in 2013.

Such legal action has been submitted by a credit recovery fund (*Fundo de Recuperação de Créditos "FRC – INQ – Papel Comercial ESI e Rio Forte*") to which the claims submitted by certain holders of ESI and Rio Forte commercial paper have been assigned and amounts to €517,500,099.71. Haitong Bank presented its written defence on 25 June 2020. The preliminary hearing is now expected to be scheduled by the Court.

Although the outcome of a judicial dispute is by nature uncertain, in the opinion of the external lawyers to whom this proceeding, brought by FRC, has been entrusted, such proceeding does not have solid legal grounds and, accordingly, based on the above, Haitong Bank takes the view that a judgment against Haitong Bank in relation thereto is not likely to occur.

Following the above stated, Haitong Bank did not establish any provision related to such legal proceedings.

Without prejudice of the above mentioned regarding the successful outcome for Haitong Bank from such proceedings, and in order to comply with the applicable accounting rules, it is not possible to achieve an amount of expected losses which could eventually arise for Haitong Bank, individually considered, once such legal proceedings are brought against several entities and not only against Haitong Bank.

On July 2021, Haitong Bank was fined by CMVM in connection with Haitong Bank's participation as paying agent in the commercial paper issuances of ESI and Rio Forte between September 2013 and February 2014.

CMVM considered that Haitong Bank (referred to as, at the time of the facts, BESI) had a causal contribution for Banco Espírito Santo, S.A. – In Liquidation to disclose to its customers that subscribed commercial paper issued by ESI, between September and December 2013, and by Rio Forte, between 9 January and 24 February 2014, information memoranda containing information that was not true, not complete, not up-to-date and not lawful, hence violating the duty to provide quality information, provided for in article 7. of the Portuguese Securities Code.

The breach, with intent, of the duty to provide quality information, provided for in article 7 of the Portuguese Securities Code, constitutes the practice of a very serious offence, under the terms of article 389, no. 1, a), of the Portuguese Securities Code, punishable by a fine of €25,000.00 to €5,000,000.00, under the terms of article 388, no. 1, a), of the Portuguese Securities Code, in each of the cases (ESI and Rio Forte).

In view of the circumstances of the case, the Board of Directors of the CMVM decided to impose on Haitong Bank a single fine in the amount of €300,000, suspended in the execution of €100,000, for the period of two years. Haitong Bank understands that CMVM's decision has no grounds, nor legally neither factually, and, therefore, has contested the administrative decision towards the Judicial Court on September 2021. Irrespectively of the decision in first instance court, the Issuer firmly believes that it has grounds to sustain its position until a final decision ("*res judicata*") is taken by the courts.

In addition and in relation to Haitong Brasil, a subsidiary of the Issuer established in Brazil, there is a judicial discussion around the constitutionality of the law applicable to the contributions of PIS ("*Programa de Integração Social*") and COFINS ("*Financiamento da Seguridade Social*") taxes which falls over other income that is not originated from sale of goods or from services rendered. Based on a court decision, all Brazilian group entities are monthly depositing to the court the amount under discussion and only are assessing to Tax Authorities the amount of tax related to services rendered, which are not under such discussion. The amounts subject to judicial deposit are recorded on balance sheet, in other assets. At 31 December 2021, the accumulated amount of the mentioned non assessed contributions, but judicially deposited by the group was €19.669 thousand. Following the above stated, Haitong Bank did not establish any provision related to such legal proceedings.

As for the Guarantor, the main litigations or arbitrations are related to a dispute between Haitong Securities and Nanjing First Agricultural Chemical Company, Red Sun Group and Nanjing World Village on repurchase of pledged securities: as Nanjing First Agricultural Chemical Group Ltd.("**Nanjing First**

Agricultural Chemical Company") refused to fulfil the obligation of stock pledge repurchase in accordance with the agreement, Haitong Securities filed a lawsuit with the Shanghai Financial Court requesting that Nanjing First Agricultural Chemical Company, the borrower, pay the principal of RMB300 million plus the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees, and requesting that the guarantors (Red Sun Group Corporation and Nanjing World Village Automotive Power Co., Ltd.) undertake the guarantee obligation. Shanghai Financial Court officially accepted the case on 19 May 2020 and heard the case on 12 November 2020. The Court issued the first instance verdict in April 2021, supporting Haitong Securities' requests. In June 2021, Nanjing First Agricultural Chemical Company was adjudged bankrupt by the People's Court of Gaochun District, Nanjing. Haitong Securities will declare its claims and participate in creditors meetings based on the progress of Nanjing First Agricultural Chemical Company's bankruptcy and restructuring process. The Guarantor's main litigations or arbitrations also include a dispute between Haitong Securities and Red Sun Group, Nanjing First Agricultural Chemical Company, Yang Shouhai, Yang Liu, Nanjing Zhenbang and Jiangsu Zhenbang relating to a margin financing and securities lending transaction: as Red Sun Group failed to repay the related fees, such as financing principal, securities and interest, on time in accordance with the "Securities Margin Trading Contract" after the expiry of the securities margin terms, it constituted a breach of contract. Haitong Securities filed a lawsuit with the Shanghai Financial Court requesting that the borrowers, Red Sun Group, pay the principal of financing liabilities in the amount of RMB257,711.8 thousand plus the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees, and requesting that Nanjing First Agricultural Chemical Company, Yang Shouhai, Yang Liu, Nanjing Zhenbang Investment Development Co., Ltd. and Jiangsu Zhenbang Agricultural Crop Technology Co., Ltd., ("**Jiangsu Zhenbang**") undertake the corresponding guarantee obligations. Shanghai Financial Court officially accepted the case on 13 January 2021, but the case has not yet been heard.

During the first half of 2021, the Guarantor and several branches were subject to the following administrative and regulatory measures taken by the CSRC and its agencies:

In February 2021, the CSRC issued its "*Decision on Taking Regulatory Talk Measures Against Haitong Securities Co., Ltd.*" (2021, No. 14) which advised the taking of regulatory measures by talking to the Guarantor. The decision affirmed that the Guarantor had failed to conduct regular follow-up visits, on-site inspections and other procedures when performing its ongoing supervision duties in respect of the restructuring and listing, as required, and had failed to prudently verify the work of the accountants engaged by it. In addition, the Guarantor did not examine the external guarantees of the relevant listed company through the issue of external confirmations and the conducting of interviews while serving a financial consultant.

In February 2021, the CSRC also issued its "*Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd.*" (2021, No. 16) which advised the taking of regulatory measures by

issuing warning letters to the Guarantor. The decision affirmed that the Guarantor's verification of the relevant listed company's internal control and equity interests had been inadequate.

In March 2021, the Shanghai Bureau of the CSRC imposed administrative and regulatory measures on the Guarantor and on Shanghai Haitong Securities Asset Management Company Limited, a subsidiary wholly owned by the Guarantor, for their non-compliances when developing their investment advisory and private asset management businesses. More specifically, it imposed the following regulatory measures on the Guarantor: an order requiring the suspension for 12 (twelve) months of its bond investment advisory business for institutional investors, increased number of internal compliance investigations and the submission of compliance investigation reports. Regulatory measures were also imposed on HT Asset Management, including an order requiring the suspension for 12 (twelve) months of its investment advisory business targeting private asset management products for securities and futures business institutions and the suspension for 6 (six) months of filing for the registration of new private asset management products. The CSRC also determined that a number of directly responsible persons and officers with management responsibility would be considered ineligible candidates for 2 (two) years.

In April 2021, the CSRC issued its *"Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd., Jiang Huang and Zhang Shu*" (2021, No. 32) which advised the taking of regulatory measures by issuing warning letters to the Guarantor and these two sponsor representatives. The decision affirmed that in the application document for the non-public issuance of shares submitted to the issuer by the Guarantor and these two sponsor representatives, the shareholding structure of the indirect shareholders of the acquisition target disclosed in the issuance plan was not consistent with the shareholding structure set out in the working report on the issuance and sponsoring.

In April 2021, the CSRC also issued its "*Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd., Li Mingjia and Zhu Wenjie*" (2021, No. 34) which advised the taking of regulatory measures by issuing warning letters to the Guarantor and these two sponsor representatives. The decision similarly affirmed that in the application document for the non-public issuance of shares submitted to the issuer by the Guarantor and these two sponsor representatives, the shareholding structure of the indirect shareholders of the acquisition target disclosed in the issuance plan was not consistent with the shareholding structure set out in the working report on the issuance and sponsoring.

In May 2021, the Jiangsu Bureau of the CSRC issued its "*Decision on the Measures of Ordering Nantong Renmin Middle Road Securities Business Department of Haitong Securities Co., Ltd. to Make Rectifications*" (2021, No. 46) which advised the taking of measures ordering Nantong Renmin Middle Road Securities Business Department of the Guarantor to make rectifications. The decision affirmed that there were defects in Nantong Business Department's warning, monitoring and handling of unusual trades, the authority of the employee management system and elements of customers' trading and entrustment records.

Due to its lack of diligence during the continuous supervision of the financial advisory business of Southwest Pharmaceutical Co., Ltd. (now Aurora Optoelectronics Co., Ltd.), the Guarantor received the administrative penalty issued by the Chongqing Securities Regulatory Bureau of the China Securities Regulatory Commission in October 2021. Decision (2021 No. 5) ordered the Guarantor to make corrections, confiscated 1 million RMB yuan of financial consulting business income, and imposed a fine of 3 million RMB yuan. Two directly responsible persons were also warned and fined 50,000 yuan respectively.

Should any or all of such proceedings be successful to the counterparties of the Issuer or the Guarantor, the resulting costs and/or damages could materially and adversely affect Haitong Bank Group's reputation, business, results of operation, financial condition or prospects. It is not possible to determine when the relevant courts will issue final awards in any of the proceedings mentioned in this risk factor or any future legal proceedings, or to determine or make a full assessment of the impact or likely outcomes of any such legal proceedings or future legal proceedings, or the consequences arising therefrom for the Issuer, the Guarantor or the Notes.

2.3.2. Risks related to extensive regulatory requirements and failure to comply with applicable law

As participants in the securities and financial services industries, each of Haitong Bank Group and Haitong Group is subject to extensive regulatory requirements, which are designed to ensure the integrity of the financial markets, the soundness of securities firms and other financial institutions, and the protection of investors. These regulations often serve to limit Haitong Bank Group and Haitong Group's activities by, among other things, imposing capital requirements, limiting the types of products and services it may offer, restricting the types of securities in which it may invest and limiting the number and location of branches it may establish. The competent regulatory authorities conduct periodic or ad hoc inspections, examinations and inquiries in respect of Haitong Bank Group and Haitong Group's compliance with such requirements. For example, CSRC assigns a regulatory rating to each securities firm according to the sufficiency of its internal control policies, risk management capabilities, compliance with regulatory requirements and overall market position.

Despite Haitong Group's efforts to comply with applicable regulations, there are a number of associated risks, particularly in areas where applicable regulations may be unclear or where regulators subsequently revise their previous guidance. Relevant legal changes may include legal amendments in respect of the calculation and application of indexes, such as Euribor, to variable rate loans granted to clients whereby credit institutions may be required to fully discount or compute in their clients' favour the negative variable rate determined by the index in principal and/or interest payments due by clients.

Haitong Group has taken proactive measures to strengthen its compliance awareness and business concepts. Material incidents of non-compliance may subject Haitong Group to penalties or restrictions on its business activities, which could have a material adverse effect on its business, results of operations or financial condition. There is no guarantee that Haitong Group will be able to meet all the applicable regulatory requirements or comply with all the applicable regulations and guidelines, at all times. Failure

to do so could result in sanctions, fines, penalties or other disciplinary actions, including, among other things, a downgrade of its regulatory rating and limitations or prohibitions on its future business activities, which may limit Haitong Group's ability to conduct pilot programmes and launch new businesses and harm its reputation, consequently materially and adversely affecting its business, results of operation, financial condition or prospects.

Likewise, banking activities in Portugal and in the EU are subject to extensive and detailed regulation and supervision by supervisory authorities, which have broad administrative power over many aspects of the financial and banking services business, which include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices, among others, as well as those relating to insurance services, which include insurance, reinsurance, pension funds and their management companies and insurance mediation.

Changes in regulatory requirements may also require the Issuer to raise additional capital. In June 2013, the European Parliament and the Council of Europe issued Directive 2013/36/EU (including as amended by the Capital Requirements Directive V (Directive (EU) 2019/878 ("**CRD V**")) ("**CRD IV Directive**") and the CRR (the CRR and the CRD IV Directive together "**CRD IV**"), which incorporate the key amendments that have been proposed by the Basel Committee for Banking Supervision ("**Basel III**"). Full implementation began from 1 January 2014, with particular elements being phased in over a period of time. The requirements largely became effective by 2019, although some minor transitional provisions provide for phase-in until 2024.

In December 2014, the EBA published its final guidelines on the common procedures and methodologies that will form its Supervisory Review and Evaluation Process ("**SREP**") assessments, taking into account the general framework and principles defined in the CRD IV. The SREP assessments include reviews of capital, liquidity, internal governance and institution-wide risk controls, risks to liquidity and funding, business model analysis, and broader stress testing, in order to evaluate whether the subject institution has implemented adequate arrangements, strategies, processes and mechanisms to comply with the CRD IV and evaluate risks to which they are or might be exposed and risks institutions may pose to the financial system.

The Issuer is subject to the SREP review on an annual basis. Where the SREP review identifies risks or elements of risk that are not adequately covered by pillar 1 capital requirements or the combined buffer requirement. Under this process, the Bank of Portugal can determine the appropriate level of the institution's own funds under CRD IV and assess whether additional own funds shall be required.

As of 30 June 2021, the Issuer reported a CET1 ratio of 21.1 per cent. (phased-in) and 21 per cent. (fully implemented) and 22.7 per cent. (phased-in) and 22.6 per cent. (fully implemented) as at 31 December 2020).

The national competent authorities ("**NCAs**"), which are in charge of supervising non-high priority less significant institutions ("**LSIs**"), such as the Issuer, have been implementing a harmonised SREP methodology for the LSIs, starting in 2018 and rolling it out to all LSIs by 2020.

If the Issuer does not satisfy these or other minimum capital ratio requirements in the future, it may be required to raise additional capital or be subject to measures or sanctions by the Bank of Portugal, the ECB or the Single Supervisory Mechanism ("**SSM**"). If the Issuer is required to raise further capital in the future after failing to satisfy the minimum capital ratio requirements, but is unable to do so or to do so on acceptable terms, the Issuer may be required to further reduce the amount of the Issuer's risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or achieve prices which would otherwise be attractive to the Issuer. Any failure to maintain minimum regulatory capital ratios could result in administrative actions or other sanctions, which in turn may have a material adverse effect on the Issuer's operating results, financial condition and prospects.

On 23 November 2016, the EC presented legislative proposals for amendments to the CRR (by way of CRR II), the CRD IV Directive (by way of CRD V), the BRRD and the Single Resolution Mechanism ("**SRM**") (collectively, "**Reforms**"). After the European Parliament confirmed its position on the Reforms, the European Parliament and Council of the EU reached agreement on the main elements of the Reforms. The agreed text was endorsed on 16 April 2019 by the European Parliament and sets out a comprehensive set of reforms to strengthen further resilience and resolvability of EU banks.

On 14 May 2019, the European Council announced that it had adopted the Reforms, with most of the new rules applying in mid-2021. The Reforms include the following key measures:

- a leverage ratio requirement for all institutions as well as a leverage ratio buffer for all global systemically important institutions ("**G-SIIs**"), the Issuer being excluded from the scope of application of this macro-prudential buffer;
- a net stable funding requirement;
- a new market risk framework for reporting purposes, including measures reducing reporting and disclosure requirements and simplifying market risk and liquidity rules for small non-complex banks in order to ensure a proportionate framework for all banks within the EU;
- a requirement for third-country institutions with significant activities in the EU to have an EU intermediate parent undertaking;
- a new total loss absorbing capacity requirement for G-SIIs, the Issuer being excluded from the scope of application of this requirement;
- enhanced minimum requirement for own funds and eligible liabilities ("**MREL**") subordination rules for G-SIIs and other large banks, the Issuer being excluded from the scope of application of this requirement; and

- a new moratorium power for the resolution authority.

In addition, on 7 December 2017, the Basel Committee and the Group of Central Bank Governors and Heads of Supervision presented reforms to the Basel III regulatory framework also known as "Basel IV". The final Basel III reforms include several policy and supervisory measures that aim to enhance the reliability and comparability of risk-weighted capital ratios and to reduce the potential for undue variation in capital requirements for banks across the globe. The measures comprise revisions to the standardised approach for credit risk, internal ratings-based approaches for credit risk, the credit valuation adjustment ("**CVA**") risk framework, the operational risk framework, the leverage ratio framework and a revised output floor. The proposals contained in the Basel III reforms are intended to apply from 2022 with a transitional period for the output floor until 2027, although these timelines remain unclear until such rules are implemented into European and Portuguese legislation.

As the Issuer is subject to the BRRD, the resolution authority, which for the Issuer means the Bank of Portugal, has the power to bail-in. Noteholders will have an unsecured claim over the Issuer and may be required to absorb losses as securities issued by the Issuer will be subject to write-down, conversion or bail-in which is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. Moreover, as the criteria that the relevant resolution authority will be obliged to consider in exercising any bail-in power provide it with considerable discretion, holders of the securities issued by the Issuer may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on the Issuer and the securities issued by the Issuer. Potential investors in the securities issued by the Issuer should consider the risk that its holders may lose all their investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon. For further details see Section 8 (*Description of the Issuer – Main legislation regulating the activity of the Issuer*).

New regulations may increase capital, liquidity and other requirements and may result in additional requirements of capital and/or other types of financial instruments, preparatory work, disclosure needs, restrictions on certain types of transactions, and limitations or changes to the Issuer's strategy. Any of the above could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

2.3.3. Risks related to the minimum requirement for own funds and eligible liabilities requirements that could have a material effect on the Issuer

Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD ("**BRRD II**") was implemented in the EU together with the formal adoption of Regulation (EU) 2019/876 of the European Parliament and of the Council, which entered into force on 27 June 2019. BRRD II should have been transposed into national law no later than 28 December 2020 with institutions having until 1 January 2024 to comply with MREL requirements (as foreseen in Article 12k(1) of the SRM Regulation). Under BRRD II, banks, such as the Issuer, shall be subject to an entity-specific MREL regime,

under which they will be required to issue a sufficient amount of eligible instruments to absorb expected losses in resolution and to recapitalise the institution or the surviving part thereof. Without prejudice of the direct application of the SRM Regulation to the Issuer, the transposition of BRRD II into Portuguese law has not yet taken place, but it is intended to be effected through the approval of a new Banking Activity Act (*Código da Atividade Bancária*), a preliminary project of which has been prepared by the Bank of Portugal which was, after public consultation, sent to the Portuguese Ministry of Finance for review.

Considering the most recent assessment made by the Bank of Portugal, as of July 2021, regarding the resolution plan for Haitong Bank Group, as the Issuer is to be wound up under normal insolvency proceedings, the requirements for own funds and eligible liabilities should only be equal to the amount of loss-absorbing capacity.

If the assessment carried out by the national resolution authority changes, considering any possible impact on financial stability and on the risk of contagion to the financial system, the requirement of own funds imposed to the Issuer may be higher which could have a material adverse effect on the Issuer's business, financial condition, results of operations, its prospects and activities in terms which cannot be predicted at this stage, including changes to the Issuer's strategy.

2.3.4. Risks related to the Issuer being required to make contributions to the Resolution Fund and the Single Resolution Fund

The Issuer is required to make contributions to finance the Resolution Fund, which was created in 2012 for the purpose of providing financial support in case of the application of any resolution tools by the Bank of Portugal.

From 2016 onwards the Resolution Fund has been funded through: (i) contributions paid by the entities that fall outside the scope of the SRM; (ii) additional contributions required to fulfil its obligations regarding the financing of the resolution measures applied by the Bank of Portugal before December 2014 and paid by all participating institutions, including credit institutions established in Portugal, which can either take the form of periodic contributions or special contributions (Article 14(5) of Law No. 23-A/2015, of 26 March); and (iii) other sources, including proceeds of the bank levy, also due by credit institutions established in Portugal, pursuant to Law no. 55-A/2010, of 31 December (*contribuição sobre o setor bancário*).

The Issuer's contribution will vary from time to time. Contributions to the Single Resolution Fund ("**SRF**") are also adjusted to the risk profile and systemic relevance of each participating institution, in consideration of its solvency profile. For the year ended 31 December 2020, the Issuer paid €570,437 in contributions to the Resolution Fund and €973,793 in contributions to the Single Resolution Fund (compared to €617,266 and €913,823, respectively, for the year ended 31 December 2019).With regard to additional periodic contributions, credit institutions established in Portugal, such as the Issuer are required to pay such contributions to the Resolution Fund in accordance with the provisions of Decree-Law no. 24/2013, of 19 February (*ex vi* Article 14(5) of Law no. 23-A/2015, of 26 March). Following the

agreement of the Portuguese Government and the Resolution Fund to change the terms of the financing granted to the Resolution Fund, the Resolution Fund considered that the full payment of its liabilities, as well as its respective remuneration, was assured without the need for recourse to special contributions or any other type of extraordinary contributions by the banking sector. Despite this public announcement, there cannot be any assurance that the Issuer will not be required to make special contributions or any other type of extraordinary contributions to finance the Resolution Fund. Any requirement for the Issuer to make special contributions or an increase in required levels of periodic contributions to the Resolution Fund would have a material adverse effect on the Issuer's business, results of operation, financial condition or prospects.

2.3.5. Risks related to the impact on the Issuer and on Haitong Bank Group of the recent resolution measures in Portugal that cannot be anticipated

In the context of its duties as the supervisory and resolution authority of the Portuguese financial sector, on 3 August 2014 the Bank of Portugal decided to apply a resolution measure to BES, under Article 145-E of the RGICSF, which consisted in the transfer of most of its assets to a transition bank, named novobanco, created especially for the purpose.

The Resolution Fund provided €4,900 million for the payment of the share capital of novobanco, of which €377 million corresponded to its own financial resources. A loan of €700 million was also granted by a banking syndicate to the Resolution Fund, with the participation of each credit institution having been weighted according to various factors, including its size. The remaining amount (€3,823 million) came from a repayable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of the assets and liabilities associated with the activity of Banif – Banco Internacional do Funchal, S.A. ("**Banif**") to Banco Santander Totta, S.A. ("**Santander Totta**"), for €150 million, also in the context of the application of a resolution measure. This operation involved an estimated public support of €2,255 million, aimed at covering future contingencies, with €489 million financed by the Resolution Fund and €1,766 million directly by the Portuguese State. In the context of this resolution measure, the assets of Banif identified as problematic were transferred to an asset management vehicle created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the issue of bonds representing the debt of this vehicle, in the value of €746 million, backed by the Resolution Fund and counter-backed by the Portuguese State.

The resolution measures applied in 2014 to BES (a process that gave rise to the creation of novobanco) and in 2015 to Banif generated uncertainties related to the risk of litigation involving the Resolution Fund, which is significant, as well as the risk of a possible insufficiency of resources to ensure compliance with the liabilities, in particular the repayment in the short-term of the contracted loans.

It was in this scenario that, in the second semester of 2016, the Portuguese Government reached an agreement with the European Commission to change the conditions of the loans granted by the

Portuguese State and banks participating in the Resolution Fund, so as to preserve financial stability via the promotion of conditions conferring predictability and stability to the effort of contributing to the Resolution Fund. To this end, a formal amendment was made to the financing contracts of the Resolution Fund which introduced a series of alterations to the repayment plans, remuneration rates and other terms and conditions associated with these loans so that they should be adjusted to the Resolution Fund's capacity to fully comply with its obligations based on its own regular revenue. This means, without requiring that the banks participating in the Resolution Fund should be charged special contributions or any other type of exceptional contribution.

According to the press release of the Resolution Fund dated 31 March 2017, the review of the conditions of the loans granted by the Portuguese State and participant banks sought to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the Resolution Fund's liabilities is assured, as well as the respective remuneration, without requiring special contributions or any other type of exceptional contributions by the banking sector. For further information see Section 2.3.4 (*Risks related to the Issuer – Legal and regulatory risks – Risks related to the Issuer being required to make contributions to the Resolution Fund*).

On 31 March 2017, the Bank of Portugal disclosed that the Lone Star Fund had been selected to purchase novobanco. This purchase was completed on 17 October 2017, with the new shareholder having initially injected €750 million, followed by a new capital entry of €250 million, which was paid over the next three years. The Lone Star Fund now holds 75 per cent. of the share capital of novobanco and the Resolution Fund holds the remaining 25 per cent.. Moreover, the approved conditions include a contingent capitalisation mechanism, under the terms of which the Resolution Fund, as shareholder, can be called upon to inject capital in the event of certain cumulative conditions materialising, related to: (i) the performance of a restrictive set of assets of novobanco, and (ii) the evolution of the bank's capitalisation levels, namely the foreseen issue on the market of €400 million in Tier 2 equity instruments. Any capital injections that may be made pursuant to this contingent mechanism are subject to an absolute maximum limit.

Under Article 153-O of the RGICSF, the Resolution Fund may be required to finance the implementation of the resolution measures applied by the Bank of Portugal and any resulting general and administrative expenses. At the present date, there is no reliable estimate of the potential losses to be incurred by the Resolution Fund, notably those that have been publicly mentioned as potentially applicable arising from (i) the sale of novobanco (including, without limitation, the contingent capitalisation mechanism), (ii) the litigation relating to the BES resolution process, including in respect of the so-called "*lesados do BES*" proceedings and the attempts to find a solution for such proceedings, (iii) the resolution process of Banif and related expenses, and (iv) the amount and timing of the Issuer's contributions to the Resolution Fund. Thus, the impact of the BES and Banif resolution processes on the Issuer could depend on external factors not controlled by the Issuer, including the proceeds from the Resolution Fund assets and future funding

needs and contingent liabilities of the Resolution Fund including, without limitation, those related to the sale of novobanco to Lone Star.

2.3.6. Risks related to the adoption of a harmonised deposit guarantee scheme throughout the EU

On 2 July 2014, Directive 2014/49/EU providing for the establishment of deposit guarantee schemes ("**Recast DGSD**") entered into force. The Recast DGSD introduces harmonised funding requirements (including risk-based levies), protection for certain types of temporary high balances, a reduction in pay-out deadlines, the harmonisation of eligibility categories (including an extension of scope to cover deposits by most companies regardless of size) and new disclosure requirements. The Recast DGSD was implemented in Portugal by Law No. 23-A/2015, of 26 March.

Furthermore, a proposal for a regulation of the European Parliament and of the Council, amending Regulation (EU) No. 806/2014, to establish a European Deposit Insurance Scheme is currently under discussion at the EU level.

As a result of these developments, the Issuer may incur additional costs and liabilities which may adversely affect the Issuer's business, results of operation, financial condition or prospects. The additional indirect costs of the deposit guarantee systems may also be significant, even if they are much lower than the direct contributions to the fund, as in the case of the costs associated with the provision of detailed information to clients about products, as well as compliance with specific regulations on advertising for deposits or other products similar to deposits, thus affecting the activity of the relevant banks and consequently their business activities, financial condition and results of operations.

2.4. Risks related to the business activities of Haitong Group and the markets in which it operates

2.4.1. Risks related to Haitong Group's overseas business that could have a material adverse effect

As Haitong Group generates most of the revenue and other income in its overseas business from its operations in Hong Kong, its overseas business depends on, to a large extent, the results of operations of Haitong International Securities and the other subsidiaries of Haitong Group incorporated in Hong Kong. However, there is no guarantee that Haitong International Securities and Haitong Group's other Hong Kong operations may continue to experience the same level of growth or profitability.

A variety of external factors that could significantly affect Haitong Group's operations in Hong Kong include, but are not limited to, changes in the general economic and market conditions in Hong Kong and compliance with various regulatory and legal requirements in Hong Kong. For example, the Hong Kong economy has experienced significant downturns in the past, including in connection with the outbreak of COVID-19, which resulted in substantial losses in the securities markets, significant deterioration in customers' asset quality and increases in the cost of funding in the overseas markets. In addition, the outbreak of communicable diseases such as the COVID-19 outbreak on a global scale may also affect investment sentiment and result in sporadic volatility in global capital markets and economic downturns.

In September 2015, the acquisition of BESI, which was then renamed to Haitong Bank, was completed. While this acquisition enriched Haitong Group's cross-border network in Europe, North America, South America and Asia, it also exposed Haitong Group to risks associated with such areas.

Any significant disruption in the operations of Haitong International Securities, Haitong Bank or other overseas operations of Haitong Group could have a material adverse effect on its business, financial condition, results of operations and prospects.

2.4.2. China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016 on a year-on-year basis. In 2017 and 2018, the PRC reported a year-on-year GDP growth of 6.9 per cent and 6.6 per cent., respectively. In March 2016, Moody's and S&P changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. In 2019, Moody's maintained China's A1 rating with a stable outlook. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA- to A+. In 2018, 2019, 2020 and 2021, China maintained an A+/A-1 with stable outlook rating at S&P. The future performance of China's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. For example, the United Kingdom's exit from the European Union and the China-U.S. trade friction have brought uncertainty to the economic conditions of the world, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economies.

2.4.3. Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC Government could affect Haitong Group's business, results of operation, financial condition or prospects

The economy of the PRC differs from the economies of most developed countries in many respects, including, with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a

planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a large portion of productive assets in the PRC remain owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC Government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on Haitong Group's business.

Haitong Group's business, results of operation, financial condition or prospects could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC Government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in the economic and technology development zones and infrastructure construction demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, the growth of development in Chinese economic and technology development zones and infrastructure construction demand may also slow down, and Haitong Group's business prospects may be materially and adversely affected. Haitong Group's operations and financial results, as well as its ability to satisfy its obligations under the Notes, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

2.4.4. Uncertainty with respect to the PRC legal system could affect Haitong Group

Haitong Group's major business is conducted in the PRC and the majority of its operations are located in the PRC. As such, its business operations are regulated primarily by PRC laws and regulations.

The PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, Haitong Group may not be aware of a breach of these policies and rules until sometime after the breach. Furthermore, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and the management's attention.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable as in other more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction.

These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies available to Haitong Group in the scope of its operations.

For example, the NDRC issued the *Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates* (Fa Gai Wai Zi [2015] No. 2044) (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**") on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity not less than one year with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is a relatively new regulation, and uncertainties remain regarding its interpretation, implementation and enforcement by the NDRC and, in particular, there is a risk that the NDRC could in the future amend the rules relating to the NDRC Circular or the interpretation thereof (including with retroactive effect), such that debt instruments similar to the Notes will be subject to the registration and other requirements under the NDRC Circular. As a result of these uncertainties with respect to the PRC legal system, lack of uniform interpretation and effective enforcement, Haitong Group may be subject to uncertainties in its operations. These uncertainties can also affect the legal remedies and protections available to investors and can adversely affect the value of their investment.

2.4.5. Future fluctuations in the value of the Renminbi could materially and adversely affect Haitong Group's business, results of operation, financial condition or prospects

Haitong Group conducts its business mainly in RMB. However, a portion of its bank borrowings is denominated in U.S. dollars, although Haitong Group's functional currency is the RMB. As a result, fluctuations in exchange rates, particularly between the RMB and the U.S. dollar, could affect Haitong Group's profitability and may result in foreign currency exchange losses of foreign currency-denominated liabilities.

The value of the RMB against the U.S. dollar, the euro and other currencies fluctuates and is affected by, among other things, changes in PRC's political and economic conditions. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC Government has made, and may in the future make, further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the RMB on the following working day. PBOC surprised markets in August 2015 by thrice devaluing the RMB, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the RMB was intended to bring it more in line with the market by taking market signals into account. RMB depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC. In January and February 2016, RMB experienced further fluctuations in value against the U.S. dollar. With an increased floating range of the RMB's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the RMB may further appreciate or depreciate significantly in value against the U.S.

dollar, the euro or other foreign currencies in the long-term. Any significant appreciation of the RMB against the U.S. dollar, the euro or other foreign currencies may result in the decrease in the value of Haitong Group's foreign currency-denominated assets. Conversely, any significant depreciation of the RMB may adversely affect the value of Haitong Group' businesses. In addition, there are limited instruments available for Haitong Group to reduce its foreign currency risk exposure at reasonable costs. All these factors could materially and adversely affect Haitong Group's businesses, results of operation, financial condition or prospects.

2.4.6. The payment of dividends by the Guarantor's operating subsidiaries in the PRC is subject to restrictions under the PRC law

The PRC laws require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, the PRC law requires that enterprises set aside part of their net profit as statutory reserves before distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Guarantor's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Guarantor's subsidiaries may impact the Guarantor's ability to fund its operations and to service its indebtedness, including any indebtedness in relation to the Notes.

II. Risks related to the Notes

2.5. Risks related to the nature of the Notes

2.5.1. The obligations of the Issuer in respect of the Notes are subject to resolution measures, including the general bail-in tool

Noteholders are subject to the provisions of the BRRD relating to, *inter alia*, the bail-in of liabilities. See section 2.3.2 (*Risks related to the Issuer – Legal and regulatory risks – Risks related to extensive regulatory requirements and failure to comply with applicable law*) for a further description.

2.5.2. The remedies available to Noteholders under the Notes are limited

Noteholders may not at any time demand repayment or redemption of their Notes, although in a winding-up the Noteholders will have a claim for an amount equal to the principal amount of the Notes together with any accrued interest and any Additional Amounts thereon.

The sole remedy in the event of any non-payment of principal or interest under the Notes, subject to Condition 8 (*Events of Default*), is that a Noteholder may, subject to applicable laws, institute proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any winding-up or other insolvency proceedings in respect of such non-payment.

The remedies under the Notes are more limited than those typically available to the Issuer's senior (non-MREL) creditors. For further details regarding the limited remedies of the Noteholder, see Condition 8 (*Events of Default*).

2.5.3. Limitation on gross-up obligation under the Notes

The obligation under Condition 9 (*Taxation*) to pay Additional Amounts in the event of any withholding or deduction in respect of taxes on any payments under the terms of the Notes applies only to payments of interest and not to payments of principal or any such other amount. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal or any such other amount. Accordingly, if any such withholding or deduction were to apply to any payments of principal or any such other amount under the Notes, Noteholders may receive less than the full amount of principal or any such other such amount due under the Notes upon redemption, and the market value of such Notes may be adversely affected.

Further, the obligation under Condition 9 (*Taxation*) to pay Additional Amounts in the event of any withholding or deduction in respect of taxes on any interest payments is subject to certain exceptions, including where a Noteholder fails to comply with certain documentary and/or information obligations as foreseen under the STRIDS (as defined in section 13 (*Taxation*)) regime, in which case the Issuer would not be required to pay any Additional Amounts and the Noteholders would potentially receive less than the full amount of interest due under the Notes. Noteholders are advised to consult their own tax advisers and to closely monitor any applicable documentary and information requirements.

2.5.4. Risks related to withholding tax

Under Portuguese law, income derived from the Notes integrated in and held through a centralised system managed by Portuguese resident entities (such as the CVM), by other EU or European Economic Area ("**EEA**") entities that manage international clearing systems (in the latter case if there is administrative cooperation for tax purposes with the relevant country which is equivalent to that in place within the EU), or, when authorised by the member of the government in charge of finance (currently the Finance Minister), in other centralised systems held by non-resident investors (both individual and corporate) eligible for the debt securities special tax exemption regime which was approved by Decree-law No. 193/2005, of 7 November ("**Decree-law No. 193/2005**") and in force from 1 January 2006, may benefit from withholding tax exemption, provided that certain procedures and certification requirements are complied with.

Failure to comply with procedures, declarations, certifications or others, will result in the application of the relevant Portuguese domestic withholding tax to the payments without giving rise to an obligation to gross up by the Issuer.

It should also be noted that, if interest and other income derived from the Notes is paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities (e.g. typically "jumbo" accounts) such income will be subject to withholding tax in

Portugal at a rate of 35 per cent. unless the beneficial owner of the income is disclosed. Failure by the investors to comply with this disclosure obligation will result in the application of the said Portuguese withholding tax at a rate of 35 per cent. and the Issuer will not be required to gross up payments in respect of any withheld accounts in accordance with Condition 9 (*Taxation*).

Further, interest and other types of investment income obtained by non-resident holders (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable that are domiciled in a country, territory or region included in the "tax havens" list approved by Ministerial order 150/2004, of 13 February is subject to withholding tax at 35 per cent., which is the final tax on that income, unless Decree-law No. 193/2005 applies and the beneficial owners are central banks and government agencies, international organisations recognised by the Portuguese State, residents in a country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force. See details of the Portuguese taxation regime in section 13 (*Taxation*).

2.5.5. The Notes are subject to Credit Risk

An investment in the Notes is subject to credit risk, which means that the Issuer may fail to meet its obligations arising from the Notes duly and in a timely manner. The Issuer's ability to meet its obligations arising from the Notes and the ability of the Noteholders to receive payments arising from the Notes depends on the financial position and the results of operations of the Haitong Bank Group, which are subject to other risks described in this Prospectus.

2.5.6. There is no limit on the amount or type of further notes, bonds or indebtedness that the Issuer may issue, incur or guarantee

There is no restriction on the amount of notes, bonds or other liabilities that the Issuer may issue, incur or guarantee and which rank *pari passu* with the Notes or senior to the Notes. The issue, incurrence or guaranteeing of any such notes, bonds or other liabilities may reduce the amount (if any) recoverable by Noteholders during a winding-up or administration or resolution of the Issuer and may limit the Issuer's ability to meet its obligations under the Notes.

2.5.7. Risks related to Interbolsa's procedures as the Notes are held in Interbolsa

The Notes will be issued in dematerialised book-entry form and registered in Interbolsa, through direct or indirect accounts with Euroclear and Clearstream, Luxembourg. Legal title to the Notes will be evidenced by book entries in individual Securities Accounts. Transfers of title to the Notes will take place in accordance with Portuguese law and the rules and procedures of Interbolsa.

Each person who is for the time being shown in individual Securities Accounts as the holder of a particular principal amount of the Notes shall be treated by the Issuer and the Paying Agents as the holder of such principal amount of such Notes for all purposes.

2.5.8. The value of and return on the Notes linked to EURIBOR may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks

The Notes will accrue interest at a floating interest rate (as described in Condition 5 (*Interest*)) that derives in part from EURIBOR. EURIBOR is provided by the EMMI. As at the date of this Prospectus, EMMI appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the EU Benchmark Regulation.

The EU Benchmark Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national 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. Separately, the euro risk free rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates. 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.

On 27 July 2017, the Chief Executive of the UK Financial Conduct Authority ("**FCA**"), which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. Other interbank offered rates (such as EURIBOR) suffer from similar weaknesses to LIBOR and although work continues on reforming their respective methodologies to make them more grounded in actual transactions, they may be discontinued or be subject to changes in their administration.

Changes to the administration of EURIBOR, or the emergence of alternatives to EURIBOR, may cause EURIBOR to perform differently than in the past, or there could be other consequences which cannot be predicted. The discontinuation of EURIBOR or changes to its administration could require changes to the way in which the floating interest rate is calculated. The development of alternatives to EURIBOR may result in the Notes performing differently than would otherwise have been the case if the alternatives to

EURIBOR had not developed. Any such consequence could have a material adverse effect on the value of and return on the Notes.

If a Benchmark Event occurs, in accordance with Condition 5 (*Interest*), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or an Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the floating interest rate is likely to result in the Notes performing differently (which may include payment of a lower Interest Rate) than they would do if the Original Reference Rate were to continue to be referenced. In addition, the market (if any) for Notes linked to any such Successor Rate or Alternative Rate may be less liquid than the market for Notes linked to the Original Reference Rate.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate will apply without an Adjustment Spread.

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

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or an Alternative Rate, the floating interest rate applicable to the next succeeding Interest Period shall be equal to the floating interest rate last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the floating interest rate shall be determined using the Original Reference Rate last displayed on Reuters Page EURIBOR01 plus the Margin. The application of these provisions may result in the determination of an Interest Rate that is effectively a fixed rate.

Any such consequences could have a material adverse effect on the value of, and return on, any Notes to which fall-back arrangements are applicable. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could adversely affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

2.5.9. Change of law

The Conditions will be governed by the laws of England save that the provisions of (i) Condition 1 (*Form, Denomination, Title and Transfer*) relating to the form (*representação formal*) and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes; (ii) Condition 4 (*Set-off*); and (iii) Condition 15.4 (*Acknowledgement of Statutory Loss Absorption Powers*) are governed by, and shall be construed in accordance with, the laws of Portugal. No assurance can be

given as to the impact of any possible judicial decision or change to the laws of England or Portugal or administrative practice after the date of this Prospectus. As set out above, any security interests (rights in rem) granted by the Noteholders thereof over the Notes will need to comply with the mandatory requirements of Portuguese law, including relating to perfection.

2.5.10. Noteholders are entitled to request the Issuer to redeem the Notes prior to their maturity following the occurrence of a Relevant Event

The Conditions provide that the Guarantor will register, or cause to be registered, the Deed of Guarantee with SAFE within 15 PRC Business Days after the execution of the Deed of Guarantee in accordance with, and within the time period prescribed by, Circular 29 and will use its best endeavors to complete the registration and obtain a registration certificate from SAFE (or any other document evidencing completion of registration issued by SAFE) on or before the date following 180 PRC Business Days after the Issue Date ("**Registration Deadline**"). If the Guarantor fails to complete the SAFE registration and to provide the Agent with, among other things, the certificate confirming completion of the SAFE registration, Noteholders will have a put option to require the Issuer to redeem all, but not only some, of the Notes held by them.

In addition, in the event that the Notes are not admitted to trading on the *Bourse de Luxembourg* or Euronext Lisbon on or before 31 March 2022 or the Guarantor ceases to directly or indirectly own and control at least fifty-one per cent. or more of the share capital of the Issuer, Noteholders have the option to require the Issuer to redeem all, but not only some, of the Notes held by them.

Such put options may be exercised by Noteholders on the Put Settlement Date at a redemption price equal to 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event or a No Listing Event) of their principal amount, in each case together with any accrued interest up to but excluding the Put Settlement Date, as described in Condition 6.3 (*Investor put option - redemption for Relevant Events*).

Except in the circumstances provided above, the Issuer is under no obligation to redeem the Notes at any time prior to the Maturity Date and the Noteholders have no right to require the Issuer to redeem or purchase any Notes at any time. Noteholders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

2.5.11. The Notes are subject to early redemption upon the occurrence of a Withholding Tax Event

Upon the occurrence of a Withholding Tax Event, the Issuer may, at its option, subject to Condition 6.2 (*Redemption for taxation reasons*), redeem all, but not some only, of the Notes at any time at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date set for redemption.

Condition 6 (*Redemption and Purchase*) provides that any redemption of the Notes in accordance with 6.2 (*Redemption for taxation reasons*) is subject to the Issuer serving no less than 30 nor more than 60 days' notice to the Noteholders has been served by the Issuer in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date for redemption) and in writing to the Agent and the Paying Agent.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that the Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

The events referred to above may occur and lead to circumstances in which the Issuer may elect to redeem the Notes, but even then, the Issuer may not satisfy the conditions or may not elect to redeem the Notes. If the Notes are so redeemed the Noteholders may not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

2.5.12. Credit ratings assigned to the Notes are subject to changes and may not reflect all the risks associated with an investment in those Notes

The Notes are intended to be held in a manner which would allow Eurosystem eligibility – that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. This does not necessarily mean that the Notes will be recognised as Eurosystem eligible collateral either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria, among which a rating of the Notes that meets the minimum criteria for eligibility purposes.

The Notes are expected to be rated BBB by S&P. The assigned rating may change throughout the life of the Notes and there is no guarantee that the assigned rating will be maintained until the maturity of the Notes. Moreover, ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, rating agencies may assign unsolicited ratings to the Notes. In such circumstances there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Notes, which could adversely affect the market value and liquidity of the Notes.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Similarly, UK regulated investors are restricted under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA ("**UK CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the FCA on its website in accordance with the UK CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated FCA list.

S&P is established in the EU and registered in accordance with the EU CRA Regulation, and appears on the latest update of the list of registered credit rating agencies on the ESMA website at www.esma.europa.eu/supervision/credit-rating-agencies/risk. S&P is not established in the UK but the credit ratings assigned by it have been endorsed by S&P Global Ratings Europe Limited, in accordance with the UK CRA Regulation. As such, credit ratings assigned by S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

2.6. Risks related to the Guarantee

2.6.1. Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Notes may have adverse consequences for the Issuer, the Guarantor and/or the Noteholders

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity of not less than one year

with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 PRC Business Days after the completion of the issue of the securities.

The Guarantor registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC on 3 August 2021 evidencing such registration, and intends to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date, in accordance with the NDRC Circular. However, there is no clarity on the legal consequences of non-compliance with the post-issue filing requirement under the NDRC Circular. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Guarantor to perform or comply with any of their respective obligations under the Guarantee and the Notes might be subject to enforcement as provided in Condition 8 (*Events of Default*). Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

2.6.2. If the Guarantor fails to complete registration with SAFE in connection with the Guarantee, there may be logistical and practical hurdles for cross-border payments under the Guarantee

The Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. The Guarantee will be contained in the Deed of Guarantee to be executed or about on the Issue Date. The Guarantor is required to submit the Guarantee to SAFE within 15 PRC Business Days upon the execution of the Deed of Guarantee for registration in accordance with the Foreign Exchange Administration Rules on Cross-Border Guarantees promulgated by SAFE. Although non-registration would not as a matter of PRC law render the Guarantee ineffective or invalid, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame.

The Guarantor intends to register the Guarantee as soon as practicable. If the Guarantor fails to complete registration with SAFE, there may be logistical and practical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of registration with SAFE in connection with the Guarantee prior to giving effect to any such remittance.

2.7. Risks related to the market

2.7.1. Risks related to the absence of an active secondary market in respect of the Notes or related to the illiquidity therein which may adversely affect the value at which a Noteholder may be able to sell its Notes

The Notes represent a new security for which no secondary trading market currently exists and there can be no assurance that one will develop. If a market does develop, it may not be very 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. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes. Publicly traded notes from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all such events could result in material fluctuations in the price of Notes, which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the secondary trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer can purchase Notes at any time, it has no obligation to do so. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Noteholders should be aware of the prevailing credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although applications have been made for the Notes to be admitted to trading on *Bourse de Luxembourg* and Euronext Lisbon, there is no assurance that such application will be accepted or that an active trading market will develop.

2.7.2. Risks related to foreign exchange rate risks

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks related to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit ("**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or euro may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro 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 as measured in the Investor's Currency.

3. OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES AND THE GUARANTEE

The following provides an overview of the principal features of the Notes and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms which are defined in section 4 (Terms and Conditions of the Notes) have the same meanings when used in this overview. References to numbered Conditions are to the terms and conditions of the Notes as set out in section 4 (Terms and Conditions of the Notes).

Issuer	Haitong Bank, S.A.
Legal Entity Identifier	GDI8P8WHFH4PS5YTU851
Paying Agent	Haitong Bank, S.A.
Guarantor	Haitong Securities Co., Ltd.
Notes	€230,000,000 Floating Rate Senior Guaranteed Notes due 2025
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of the principal and premium (if any) of and interest on, and all other amounts expressed to be payable by the Issuer under, the Notes and the Instrument as and when the same become due and payable, whether on the stated maturity, upon acceleration, by call for redemption or otherwise. The Guarantor's obligations in respect of the Notes and the Instrument will be set out in the Deed of Guarantee.
Issue Price	100 per cent. of the principal amount of the Notes.
Issue Date	8 February 2022.
Risk factors	There are certain factors associated with any investment in the Notes, the Issuer, Haitong Bank Group, the Guarantor, Haitong Group or any of their activities and businesses, and the market in which they operate. See section 2 (*Risk Factors*) of this Prospectus.
Status of the Notes	The Notes constitute direct, senior, unconditional, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* without any preference among

	themselves and *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, unless such obligations are accorded priority under mandatory statutory law.
Status of the Guarantee	Subject to Clause 2.1 of the Deed of Guarantee, the Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of any sum payable by the Issuer under the Notes. The Guarantee of the Notes constitutes direct unsubordinated and unsecured obligations of the Guarantor, ranking *pari passu* with all its other present and future unsecured and unsubordinated obligations, unless such obligations are accorded priority under mandatory statutory law.
Interest	The Notes bear interest at a floating rate on their outstanding principal amount at the applicable Interest Rate from (and including) the Issue Date and payable on 8 February, 8 May, 8 August and 8 November in each year commencing on 8 May 2022 ("**Interest Payment Date**"), provided that if any Interest Payment Date falls on a day which is not a TARGET Business Day it shall be postponed to the next day which is a TARGET Business Day, subject to and in accordance with the provisions of Condition 5 (*Interest*) and Condition 7 (*Payments*).
Maturity	Unless previously redeemed or purchased and cancelled, the Notes will mature on the Interest Payment Date falling on, or nearest to, 8 February 2025.
Redemption for taxation reasons	At any time following the occurrence of a Withholding Tax Event, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any interest accrued up to (but excluding) the date set for the redemption) provided that no less than 30 or more than 60 days' notice has been served by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date for redemption) and in writing to the Paying Agent and the

	Agent, as described in Condition 6.2 (*Redemption for taxation reasons*).
Investor put option - redemption for Relevant Events	At any time following the occurrence of a Relevant Event, the holder of any Note will have the right, at its option, to require the Issuer to redeem all, but not only some, of that Noteholder's Notes on the Put Settlement Date at a redemption price equal to 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event or a No Listing Event) of their principal amount, in each case together with any accrued interest up to but excluding the Put Settlement Date, as described in Condition 6.3 (*Investor put option - redemption for Relevant Events*).
Purchase of the Notes	The Issuer, the Guarantor and their respective Subsidiaries may purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for their respective accounts, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the noteholder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders, as described in Condition 6.4 (*Purchases*).

Withholding tax and Additional Amounts	All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will (subject to certain customary exceptions as described in the Conditions) pay such Additional Amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. In no event will the Issuer be required to pay any Additional Amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to Sections 1471 through 1474 of the US Internal Revenue Code of 1986 and any regulations or agreements thereunder or any official interpretations thereof or any law implementing an intergovernmental approach thereto.
Events of Default	The Notes contain certain events of default as further described in Condition 8 (*Events of Default*).
Form	The Notes will be issued in denominations of €100,000 and will be issued in dematerialised book-entry (*forma escritural*) and will be in registered (*nominativas*) form. The Notes will be registered with the CVM, a Portuguese Securities Centralised System managed and operated by Interbolsa.
Denomination	€100,000.
Clearing	The Notes will be cleared and settled through Interbolsa (and indirectly through Euroclear and Clearstream, Luxembourg). For a summary description of rules applicable to the Notes, see Condition 1 (*Form, Denomination, Title and Transfer)*.

Rating	The Notes are expected to be rated BBB by S&P. According to S&P's Global Ratings Definitions, an issue rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. An issue 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 the assigning rating agencies. Any adverse change in an applicable credit rating could adversely affect the trading price of the Notes and S&P may raise, lower, suspend, place on CreditWatch, or withdraw an issue credit rating, and assign or revise an outlook, at any time, at S&P Global Ratings' sole discretion. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Prospectus, and other factors that may affect the value of the Notes.
Listing	Application has been made to (i) the Luxembourg Stock Exchange, for the Notes to be admitted to trading on the *Bourse de Luxembourg*, which is the regulated market of the Luxembourg Stock Exchange, and to be listed on the official list of the Luxembourg Stock Exchange; and (ii) Euronext, for the Notes to be admitted to trading on Euronext Lisbon with effect from the Issue Date.
Governing law	The Notes, the Instrument and the Deed of Guarantee, 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, save that the provisions of (i) Condition 1 (*Form, Denomination, Title and Transfer*) relating to the form (*representação formal*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, Condition 4 (*Set-off*) and Condition 15.4 (*Acknowledgement of Statutory Loss Absorption Powers*); and (ii) the Agency Terms and Agent Appointment

	Agreement are governed by, and shall be construed in accordance with, the laws of Portugal.
ISIN	PTESS2OM0011
Common Code	244104819

4. TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes.

The issue of the €230,000,000 Floating Rate Senior Guaranteed Notes due 2025 ("**Notes**") of Haitong Bank, S.A. ("**Issuer**") was authorised by resolutions of the Executive Committee of the Issuer passed on 24 and on 31 January 2022. The Notes are governed by these terms and conditions ("**Conditions**"). The Notes are constituted by a deed poll entered into by the Issuer in favour of the Noteholders (as defined below) dated 8 February 2022 (such Instrument as amended and/or restated and/or supplemented from time to time, "**Instrument**"). The Notes also have the benefit of the Agency Terms dated 8 February 2022 (such Agency Terms as amended and/or restated and/or supplemented from time to time, "**Agency Terms**"). The Issuer will be the initial paying agent ("**Paying Agent**") in respect of the Notes. The Notes will be unconditionally and irrevocably guaranteed ("**Guarantee**") by the Guarantor in favour of the Noteholders pursuant to a Deed of Guarantee dated the Issue Date (such Deed of Guarantee as amended and/or restated and/or supplemented from time to time, "**Deed of Guarantee**") entered into by the Guarantor which shall be deposited with and held by Bondholders, S.L. ("**Agent**") pursuant to the Agent Appointment Agreement (such Agent Appointment Agreement as amended and/or restated and/or supplemented from time to time, "**Agent Appointment Agreement**"). The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor passed on 30 March 2021 and a resolution of the shareholders of the Guarantor passed on 26 May 2016. The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Instrument and the Deed of Guarantee and are also deemed to have notice of those provisions of the Agency Terms applicable to them. Copies of the Instrument, the Deed of Guarantee, the Agency Terms and the Agent Appointment Agreement are available for inspection by Noteholders during normal business hours at the registered offices of the Issuer and the Agent upon prior written request and presentation of the certificate of ownership issued by the relevant Affiliate Member of Interbolsa through which the Notes are held.

The Notes are expected to be rated BBB by S&P and admitted to trading on the *Bourse de Luxembourg* and Euronext Lisbon upon issue.

All capitalised terms not defined in these Conditions shall have the same meanings given to them in the Instrument, unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between the Instrument and these Conditions, these Conditions will prevail.

1 Form, Denomination, Title and Transfer

The Notes are issued in denominations of €100,000. The Notes are issued in dematerialised book-entry form (*forma escritural*) and are registered (*nominativas*) and constituted by registration in individual Securities Accounts. The Notes are registered with the CVM, a Portuguese securities centralised system managed and operated by Interbolsa. Each person shown in the individual Securities Accounts as having an interest in the Notes shall be considered the Noteholder of the principal amount of Notes recorded therein. Title to the Notes passes upon registration in the relevant individual Securities Accounts. Any

Noteholder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in respect of it) and no person will be liable for so treating the Noteholder.

The Notes are nominative which means that Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer.

In these Conditions, "**Noteholder**" means the person in whose name a Note is registered in the relevant individual Securities Accounts.

2 Status and Guarantee

2.1. Status

The Notes constitute direct, senior, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for any exceptions as may be provided for by mandatory provisions of applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

2.2. Guarantee

The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed the due and punctual payment of the principal and premium (if any) of and interest on, and all other amounts expressed to be payable by the Issuer under the Instrument and the Notes when they become due and payable, whether on the Maturity Date, upon acceleration, by call for redemption or otherwise.

The obligations of the Guarantor under the Guarantee shall, save for any exceptions as may be provided for by mandatory provisions of applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 Covenants

3.1. Undertakings in relation to the Guarantee

The Guarantor undertakes to file or cause to be filed with the Shanghai Branch of SAFE the Deed of Guarantee within 15 PRC Business Days after the execution of the Deed of Guarantee, in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 and which came into effect on 1 June 2014 ("**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document issued by SAFE evidencing the completion of registration) on or before the Registration Deadline and shall comply with all applicable PRC laws and regulations in relation to the issue of the Notes and the Guarantee.

3.2. Notice of Cross-Border Security Registration

The Guarantor shall, on or before the Registration Deadline and within ten PRC Business Days after receipt of the registration certificate from SAFE (or any other document issued by SAFE evidencing the completion of registration), provide the Agent with (A) a certificate in English signed by an authorised signatory of the Guarantor confirming (I) the completion of the Cross-Border Security Registration and (II) that no Change of Control or Event of Default has occurred; and (B) copies of the relevant documents evidencing the Cross-Border Security Registration, each certified in English by an authorised signatory of the Guarantor as being a true and complete copy of the original (the items specified in (A) and (B) together, "**Registration Documents**").

Copies of the Registration Documents will be available for inspection by Noteholders during normal business hours at the registered office of the Agent upon prior written request and presentation of certificate of ownership issued by the relevant Affiliate Member of Interbolsa through which the Notes are held.

In addition, within 10 PRC Business Days after the Registration Documents are delivered to the Agent, the Issuer shall give notice to the Noteholders (in accordance with Condition 12) confirming the completion of the Cross-Border Security Registration.

The Agent shall be under no obligation or duty to monitor or assist with the Cross-Border Security Registration, or to ensure that the Cross-Border Security Registration is made or submitted on or before the deadlines referred to in Conditions 3.1. and 3.2. or on or before the Registration Deadline, or to verify the accuracy, completeness, validity and/or genuineness of any documents in connection with the Cross-Border Security Registration and/or the Registration Documents, or to procure that any Registration Document or any other certificate, confirmation or other document not in English is translated into English or to verify the accuracy of any English translation of any Registration Document or any other certificate, confirmation or other document, or to give notice to the Noteholders confirming the completion of the Cross-Border Security Registration, and the Agent shall not be liable to Noteholders or any other person for not doing so.

4 Set-off

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Notes and each Noteholder shall, by virtue of its holding of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with, the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up, the liquidator of the Issuer) and, until such time

as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator of the Issuer) and any such discharge shall accordingly be deemed not to have taken place.

5 Interest

5.1. Interest Rate

The Notes bear interest at a floating rate on their outstanding principal amount at the applicable Interest Rate from (and including) the Issue Date and payable on each Interest Payment Date, subject to and in accordance with the provisions of this Condition 5 and Condition 7.

The Interest Rate in respect of each Interest Period will be determined by the Paying Agent based on the following provisions, provided, however, that if the rate so determined is less than zero, then the Interest Rate shall be deemed to be zero:

(i) On each Interest Determination Date, the Paying Agent will determine the offered rate (expressed as a rate per annum) for 3-month deposits in euro as at 11:00 a.m. (Central European time) on such Interest Determination Date, as displayed on Reuters Page EURIBOR01. The Interest Rate for the relevant Interest Period shall be the offered rate determined by the Paying Agent plus the Margin.

(ii) If the offered rate does not so appear, or if Reuters Page EURIBOR01 is unavailable, the Paying Agent will, on such date, request the principal eurozone office of the Reference Banks to provide the Paying Agent with its offered quotation to leading banks in the eurozone interbank market for 3-month deposits in euro at approximately 11:00 a.m. (Central European time) on the Interest Determination Date in question, in an amount representative of a single transaction on the market at that time. If at least two of the Reference Banks provide the Paying Agent with offered quotations, the Interest Rate for the relevant Interest Period shall be the rate determined by the Paying Agent to be the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of such offered quotations plus the Margin.

(iii) If, on any Interest Determination Date to which the provisions of paragraph (ii) above apply, only one or none of the Reference Banks provides the Paying Agent with a quotation, the Interest Rate for the relevant Interest Period shall be the rate which the Paying Agent determines to be the aggregate of the Margin and the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the euro lending rates leading banks in the eurozone selected by the Paying Agent are quoting, at approximately 11:00 a.m. (Central European time) on the relevant Interest Determination Date, to leading banks in the eurozone for a period of 3 months in an amount that is representative of a single transaction on the market at that time, provided that if the applicable Interest Rate cannot be determined in this way, the relevant Interest Rate shall be determined by the Paying Agent as the rate applicable on the last preceding Interest

Determination Date or, if there has not been a first Interest Payment Date after the Issue Date, the Interest Rate shall be determined using the rate last displayed on Reuters Page EURIBOR01 plus the Margin.

Interest shall be payable on the Notes quarterly in arrears on each Interest Payment Date, in each case as provided in this Condition 5.

5.2. Interest Accrual

The Notes will cease to bear interest from (and including) the due date for redemption thereof, pursuant to Conditions 6.1., 6.2. and 6.3., as the case may be, unless payment of all amounts due in respect of any Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

5.3. Calculation of Interest Amounts

After determining the Interest Rate in respect of the relevant Interest Period, the Paying Agent will calculate the amount of interest ("**Interest Amount**") which is payable in respect of each Note for each Interest Period by applying the Interest Rate to the Calculation Amount, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure to the nearest cent. (half a cent. being rounded upwards). The determination of the applicable Interest Rate and the Interest Amount payable per Calculation Amount by the Paying Agent shall (in the absence of manifest error) be final and binding upon all parties.

For the avoidance of any doubt, the Interest Amount payable on each Note for the related Interest Period will be equal to zero whenever the Interest Rate for the related Interest Period is zero.

5.4. Publication of Interest Rate and Interest Amounts

The Paying Agent shall cause notice of the Interest Rate, determined in accordance with this Condition 5, in respect of each relevant Interest Period, the Interest Amount per Calculation Amount and the relevant date scheduled for payment to any stock exchange on which the Notes are, for the time being, listed or admitted to trading and, in accordance with Condition 12 and to the Noteholders, in each case as soon as practicable after its determination but in any event not later than the fourth TARGET Business Day thereafter.

The Interest Amount and the date scheduled for payment so notified may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions. If the Notes become due and payable pursuant to Condition 8, the accrued interest per Calculation Amount and the Interest Rate payable, as applicable, in respect of the Notes shall nevertheless continue to be calculated as previously by the Paying Agent in accordance with this Condition 5, but no publication of the Interest Rate or the amount of interest payable per Calculation Amount so calculated need be made.

5.5. Paying Agent and Reference Banks

Whenever a function expressed in these Conditions to be performed by the Paying Agent and Reference Banks fails to be performed, the Issuer will maintain a Paying Agent and (if required) the number of Reference Banks provided below by reference to which the Interest Rate is to be calculated.

The Issuer may from time to time replace the Paying Agent or any Reference Bank with another leading investment, merchant or commercial bank or financial institution. If the Paying Agent is unable or unwilling to continue to act as Paying Agent or fails to determine the Interest Rate in respect of any Interest Period as provided in Condition 5.1. or to calculate the Interest Amount, the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution in the eurozone to act as Paying Agent in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. A Reference Bank may not be the Issuer or any of its affiliates.

5.6. Determinations of Paying Agent Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Paying Agent shall (in the absence of manifest error) be binding on the Issuer, the Paying Agent and all Noteholders and (in the absence of wilful default or negligence) no liability towards the Noteholders or the Issuer shall attach to the Paying Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

5.7. Benchmark Discontinuation

(i) Independent Adviser

Notwithstanding the foregoing, if a Benchmark Event occurs in relation to the Original Reference Rate when any Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.7.(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5.7.(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5.7.(i) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agent or the Noteholders for any determination made by it, pursuant to this Condition 5.7..

If (a) the Issuer is unable to appoint an Independent Adviser; or (b) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5.7.(i) prior to the date which is 10 TARGET Business Days prior to the relevant Interest Determination Date, the Interest Rate applicable to the next succeeding Interest Period shall be equal to the Interest Rate last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date after the Issue Date, the Interest Rate shall be

determined using the Original Reference Rate last displayed on Reuters Page EURIBOR01 plus the Margin. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5.7.(i).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

(a) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof), subject to the subsequent operation of Condition 5.7.; 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 Original Reference Rate to determine the Interest Rate (or the relevant component part thereof), subject to the subsequent operation of Condition 5.7..

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be), subject to the subsequent operation of this Condition 5.7.. If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5.7. and the Independent Adviser determines (i) that amendments to these Conditions, the Instrument or the Agency Terms are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.7.(v), but without any requirement for the consent or approval of Noteholders, vary these Conditions, the Instrument or the Agency Terms to give effect to such Benchmark Amendments from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5.7.(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are, for the time being, listed or admitted to trading.

(v) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5.7. will be notified by the Issuer to the Paying Agent at least 10 TARGET Business Days prior to the relevant Interest Determination Date. In accordance with Condition 12, notice shall be provided to the Noteholders promptly thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than when notification of the same is provided to the Noteholders, the Issuer shall deliver to the Paying Agent a certificate, to be made available to the Noteholders at the Paying Agent's registered office, signed by two members of the Executive Committee of the Issuer:

(a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5.7.; and

(b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

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

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 5.7.(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5.1. will continue to apply unless and until a Benchmark Event has occurred.

6 Redemption and Purchase

6.1 Final redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on the Interest Payment Date falling on or nearest to the Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

6.2 Redemption for taxation reasons

At any time following the occurrence of a Withholding Tax Event, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any interest accrued up to (but excluding) the date set for the redemption) provided that no less than 30 or more than 60 days' notice has been served by the Issuer to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date for redemption) and in writing to the Paying Agent and the Agent.

6.3 Investor put option - redemption for Relevant Events

At any time following the occurrence of a Relevant Event, the holder of any Note will have the right, at its option, to require the Issuer to redeem all, but not only some, of that Noteholder's Notes on the Put Settlement Date at a redemption price equal to 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event or a No Listing Event) of their principal amount, in each case together with any accrued interest up to but excluding the Put Settlement Date. To exercise such right, the holder of the relevant Note must deposit at the specified office of the Paying Agent a Put Exercise Notice, together with a certificate of ownership and blocking issued by the relevant Affiliate Member of Interbolsa through which the Notes are held, by no later than 30 days following a Relevant Event or, if later, 30 days following the date upon which notice thereof is given to the Noteholders by the Issuer in accordance with Condition 12.

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. The Issuer shall give notice to the Noteholders (in accordance with Condition 12), the Agent and the Paying Agent in writing by no later than 5 TARGET Business Days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for Noteholders' exercise of their rights to require redemption of the Notes pursuant to this Condition 6.3.

The Agent and the Paying Agent shall not be required to take any steps to ascertain or monitor whether a Relevant Event, or any event which could lead to a Relevant Event, has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer or the Guarantor, and none of the Agent or the Paying Agent shall be responsible or liable to Noteholders, the Issuer, the Guarantor or any other person for any loss or liability arising from any failure to do so.

The Agent shall not be required to investigate or verify the accuracy, content, completeness or genuineness of any document provided to it by the Issuer, the Guarantor or any other person as part of or in connection with or to enable satisfaction of the Registration Condition and may rely conclusively on any such document, and shall not be responsible or liable to Noteholders, the Issuer, the Guarantor or any other person for any loss or liability arising from doing so.

6.4 Purchases

The Issuer, the Guarantor and their respective Subsidiaries may purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for their respective accounts, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the noteholder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders.

6.5 Cancellation

All Notes redeemed pursuant to Conditions 6.1, 6.2 and 6.3. will forthwith be cancelled in accordance with the applicable regulations of Interbolsa. All Notes purchased by or on behalf of the Issuer may be held, resold or, at the option of the Issuer, cancelled in accordance with the applicable regulations of Interbolsa. All Notes so cancelled cannot be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 Payments

7.1 Method of Payment

Payments in respect of the Notes will be made by transfer to the account of the Noteholder maintained by it or on its behalf in the relevant Affiliate Member of Interbolsa, details of which appear in the records of the relevant Affiliate Member of Interbolsa at close of business on the TARGET Business Day before the due date for payment of principal and/or interest.

If the due date for payment of any amount in respect of any Note is not a TARGET Business Day, the Noteholder shall not be entitled to payment of the amount due until the next succeeding TARGET Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

7.2 Payments subject to Laws

Save as provided in Condition 9, payments will be subject in all cases to any fiscal or other laws, regulations and directives applicable in the place of payment or any other laws or regulations to which the Issuer or the Paying Agent agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

8 Events of Default

If any of the following events of default occurs and is continuing:

8.1 Non-payment: the Issuer fails to pay any amount of principal or interest in respect of the Notes, unless the failure is remedied, in the case of principal, within 3 TARGET Business Days after the relevant payment date or, in the case of interest, within 7 TARGET Business Days after the relevant Interest Payment Date; or

8.2 Breach of other obligations: the Issuer or the Guarantor defaults in the performance or observance of any of their other material obligations under or in respect of the Notes or the Instrument or the Guarantee (other than those the breach of which would give rise to a right of redemption pursuant to Condition 6.3.) and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor; or

8.3 Insolvency: the Issuer or the Guarantor is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts; or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or the Guarantor; or

8.4 Winding-up:

(i) an order is issued by any court of competent jurisdiction, or an effective resolution is passed, for the winding-up of the Issuer, the Guarantor or a Material Subsidiary (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which have been previously approved in writing by an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions); or

(ii) liquidation or dissolution of the Issuer or any similar procedure described in Condition 8.4(i) is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Portuguese General Framework for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*), established by Decree-Law No. 298/92 of 31 December 1992, as amended or superseded (including by any banking activity code that may enter into force); or

8.5 Illegality: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of their respective obligations under any of the Notes, the Instrument and the Deed of Guarantee; or

8.6 Guarantee: the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect, or the Guarantee is modified, amended or terminated other than strictly in accordance with its terms or these Conditions,

then (i) any Noteholder may declare its Notes immediately due and payable, or (ii) the Noteholders may, by means of an Extraordinary Resolution, declare all the Notes immediately due and payable, in both cases by written notice addressed to the Issuer, the Agent and the Guarantor and delivered to the Issuer and to the Paying Agent (together with certificates of ownership and blocking issued by the relevant Affiliate

Members of Interbolsa through which the Notes are held), whereupon, in the case of paragraph (i) above, such Note and, in the case of paragraph (ii) above, all the Notes, shall become immediately due and payable at their principal amount together with accrued interest without any further action or formality.

9 Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer or the Guarantor in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision thereof, or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not of principal or any other amounts) the Issuer or the Guarantor (as the case may be) will pay such additional amounts ("**Additional Amounts**") necessary to ensure that the Noteholders receive the amounts they would have received in respect of payments of interest had no withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

(a) held by a recipient which is not the ultimate beneficial owner of the income arising from such Note or presented for payment into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment; or

(b) held by or on behalf of a Noteholder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having some connection with the Relevant Jurisdiction other than the mere holding of such Note; or

(c) held by, or by a third party on behalf of, a Noteholder who could lawfully prevent (but has not prevented) such deduction or withholding by complying or procuring that any third party complied with any statutory requirements or by making or procuring that any third party made a declaration of non-residence or other similar claim for exemption to any applicable tax authority; or

(d) held by, or by a third party on behalf of, an entity resident for income tax purposes in a country, territory or region subject to a clearly more favourable tax regime, as listed in Ministerial Order no. 150/2004, of 13 February 2004, issued by the Portuguese Minister of Finance and Public Administration (as amended), or legislation replacing it, unless a Double Tax Convention or a Tax Information Exchange Agreement entered into between such country, territory or region and Portugal is in force at the time the interest becomes due and payable; or

(e) presented for payment by or on behalf of a Noteholder in respect of whom the information and documentation (which may include certificates) required in order to comply with the special regime approved by Decree-Law No. 193/2005, of 7 November 2005, as amended from time to time, and any implementing legislation, is not received; or

(f) to, or to a third party on behalf of, a Noteholder in respect of whom the documentation required to certify tax residence, pursuant to the conditions set forth in Decree-Law No. 193/2005, of 7 November 2005, as amended, and accessory regulations, or legislation replacing it, is not provided within 30 days after the Relevant Date.

References in these Conditions to interest shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 9.

Notwithstanding any other provisions of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer shall be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue code of 1986, as amended ("**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

10 Prescription

Claims against the Issuer and the Guarantor for payment in respect of the Notes shall prescribe and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Meetings of Noteholders, Modification and Waiver

11.1 Meetings of Noteholders

The Instrument contains provisions for convening meetings of Noteholders (including by way of conference call) 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. of the principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. of the principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more Noteholders or their representatives, whatever the principal amount of the Notes held, except that at any meeting whose agenda includes the modification of any of these Conditions (including, *inter alia*, regarding the terms concerning currency and due dates for payment of principal or interest in respect of the Notes, or reducing or cancelling the principal amount of, or interest on, any Notes or the Interest Rate, or varying the method of calculating the Interest Rate) the quorum will be one or more persons holding or representing not less than two-thirds, or at any

adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding.

A Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they were present at the meeting.

A resolution in writing signed by or on behalf of Noteholders representing not less than 75 per cent. of the principal amount of the Notes outstanding shall be as valid and effective for all purposes as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such 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.

11.2 Modification of the Notes

The Paying Agent and the Issuer may, without the consent of the Noteholders, make any modification to these Conditions, the Instrument, the Deed of Guarantee, the Agency Terms or the Agent Appointment Agreement which (i) is not prejudicial to the interests of the Noteholders, (ii) is of a formal, minor or technical nature, (iii) is made to correct a manifest error, or (iv) is made to comply with mandatory provisions of any applicable law.

11.3 Notices

Any such modification shall be binding on all Noteholders and shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

12 Notices

Notices required to be given to the Noteholders pursuant to the Conditions shall be valid if published as prescribed or accepted by the stock exchange on which the Notes are listed. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any other stock exchange on which the Notes are listed and/or admitted to trading or of a relevant authority.

Any such notice shall be deemed to have been given on the date of its publication or, if published more than once or on different dates, on its first date of publication, as provided above. The Issuer shall also comply with the requirements of Interbolsa and of Portuguese law applicable to notices relating to the Notes.

As at the Issue Date, notices are required to be (i) published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and/or the Euronext's official bulletin and (ii) delivered to Interbolsa for communication to its Affiliate Members.

13 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further securities with the same terms and conditions as the Notes in all respects (or in all respects except for the

issue date, the first payment of interest and the timing for compliance with the Registration Condition and for completion of the Cross-Border Security Registration) so that any such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. However, such further securities may only be issued if a deed supplemental to the Instrument is executed in respect of such further securities and such further securities shall be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

14 Paying Agents

The Issuer shall be the initial Paying Agent. No Paying Agent assumes any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint replacement agents, provided that it maintains a Paying Agent at all times.

Notice of any such termination or appointment and of any change in the registered office of the Paying Agent will be given to the Noteholders in accordance with Condition 12. If the Paying Agent is unable or unwilling to act as such, or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions, the Issuer shall appoint an independent financial institution to act as Paying Agent in its place. All calculations and determinations made by the Paying Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Paying Agent and the Noteholders.

15 Governing Law and Jurisdiction

15.1 Governing Law

The Instrument, the Deed of Guarantee and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England, save that the provisions of (i) Condition 1 relating to the form (*representação formal*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes; (ii) Condition 4 relating to set-off; and (iii) Condition 15.4 are governed by, and shall be construed in accordance with, the laws of Portugal. The Agency Terms and Agent Appointment Agreement are governed by, and shall be construed in accordance with, the laws of Portugal.

15.2 Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Deed of Guarantee, the Instrument or the Notes (other than the provisions of (i) Condition 1 relating to the form and transfer of the Notes, the creation of security over the Notes, and the Interbolsa procedures for the exercise of rights under the Notes; (ii) Condition 4 relating to set-off; and (iii) Condition 15.4 (together "**Excluded Matters**"), in respect of which the courts of Portugal shall have jurisdiction) and,

accordingly, any legal action or proceedings arising out of or in connection with the Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted to the exclusive jurisdiction of the courts of England in respect of any such Proceedings (other than in respect of Excluded Matters) and to the exclusive jurisdiction of the courts of Portugal in respect of any Proceedings relating to Excluded Matters, and each of the Issuer and the Guarantor waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any Noteholder to bring Proceedings in any other court of competent jurisdiction, nor shall the bringing of Proceedings in one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction (whether concurrently or not).

15.3 Service of Process

Each of the Issuer and the Guarantor has irrevocably appointed Haitong Bank, S.A., London Branch, with registered office at 8 Finsbury Circus, EC2M 7EA, London, as its authorised agent to receive, for it and on its behalf, service of process in any Proceedings in England. If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agree to appoint a substitute process agent and shall immediately notify the Noteholders of such appointment in accordance with Condition 12. Nothing shall affect the right to serve process in any manner permitted by law.

15.4 Acknowledgement of Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 15.4, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents and agrees to be bound by:

(i) the effects of the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(a) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes; or

(b) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on a Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, securities or obligations of the Issuer or another person; or

(c) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; or

(d) the amendment or alteration of the maturity date of the Notes or amendment of the amount of interest payable on the Notes or of the date on which interest becomes payable, including by suspending payment for a temporary period; and

(ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent that such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes will be an event of default.

Upon the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice of such exercise to the Noteholders as soon as practicable and in accordance with Condition 12. However, any failure to provide such notice shall not affect the validity or enforceability of such exercise of the Statutory Loss Absorption Powers.

16 Contracts (Rights of Third Parties) Act 1999

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

17 Definitions

In these Conditions:

"**Additional Amounts**" has the meaning given to it in Condition 9;

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

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)

(ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to

produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)

(iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Affiliate Member**" means any authorised financial intermediary entitled to hold control accounts with the CVM and includes any banks or financial intermediaries appointed by Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") for the purpose of holding individual Securities Accounts on behalf of Euroclear and Clearstream, Luxembourg;

"**Agency Terms**" has the meaning given to it in the preamble to these Conditions;

"**Agent**" means Bondholders, S.L., a company incorporated and existing under the laws of Spain, having its registered office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain;

"**Agent Appointment Agreement**" has the meaning given to it in the preamble to these Conditions;

"**Alternative Rate**" means an alternative benchmark or screen rate determined by the Independent Adviser in accordance with Condition 5.7.(ii) as being customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in euro;

"**Benchmark Amendments**" has the meaning given to it in Condition 5.7.(iv);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least 5 TARGET Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(v) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for the Paying Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

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

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Paying Agent. For the avoidance of doubt, the Paying Agent shall have no responsibility for making such determination;

"***Bourse de Luxembourg***" means the regulated market so named, managed by the Luxembourg Stock Exchange;

"**BRRD**" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as may be amended or replaced from time to time (including, without limitation, by Directive (EU) 2017/2399 and by Directive (EU) 2019/879);

"**Calculation Amount**" means €100,000 in principal amount;

"**Change of Control**" means that the Guarantor has ceased to directly or indirectly own and control at least fifty-one per cent. or more of the share capital of the Issuer;

"**Conditions**" means these terms and conditions of the Notes, as amended from time to time;

"**CSSF**" means the *Commission de Surveillance du Secteur Financier*, the Luxembourg Securities Market Commission;

"**CVM**" means *Central de Valores Mobiliários*, a Portuguese securities centralised system managed and operated by Interbolsa;

"**euro**" or "**€**" means the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Community;

"**Euronext**" means Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.;

"**Euronext Lisbon**" means the regulated market so named, managed by Euronext;

"**Extraordinary Resolution**" has the meaning given to it in the Instrument;

"**Guarantee**" has the meaning given to it in the preamble to these Conditions;

"**Guarantor**" means Haitong Securities Co., Ltd., a company incorporated in the PRC and listed on the SSE under the stock code of 600837 and listed on the HKSE under the stock of 06837;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.7.(i);

"**Instrument**" has the meaning given to it in the preamble to these Conditions;

"**Interbolsa**" means *Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.*;

"**Interest Amounts**" has the meaning given to it in Condition 5.3.;

"**Interest Determination Date**" means, in relation to each Interest Period, the second TARGET Business Day prior to the commencement of the relevant Interest Period;

"**Interest Payment Date**" means 8 February, 8 May, 8 August and 8 November in each year commencing on 8 May 2022, provided that if any Interest Payment Date falls on a day which is not a TARGET Business Day it shall be postponed to the next day which is a TARGET Business Day;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the rate of interest payable from time to time in respect of the Notes and that is calculated in accordance with the provisions of Condition 5;

"**Issue Date**" means 8 February 2022, which is the date of the initial issue of the Notes;

"**Issuer**" means Haitong Bank, S.A.;

"**Luxembourg Stock Exchange**" means *Société de la Bourse de Luxembourg S.A.*;

"**Margin**" means 1.45 per cent.;

"**Material Subsidiary**" means, at any relevant time, a Subsidiary of the Issuer or the Guarantor: (a) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated financial statements, whose total consolidated assets or gross consolidated revenues, as the case may be) represent not less than 10 per cent. of the total consolidated assets or the gross consolidated revenues of the Issuer and its Subsidiaries or, as the case may be, the Guarantor and its Subsidiaries, all as calculated by reference to the then latest audited financial statements (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated financial statements of the Issuer or the Guarantor; or (b) to which is transferred all or substantially all of the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Material Subsidiary;

"**Maturity Date**" means 8 February 2025;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

"**No Listing Event**" means the prospectus pertaining to the admission to trading of the Notes on the *Bourse de Luxembourg* or Euronext Lisbon was not approved by the CSSF or Euronext and the admission to trading of the Notes on the *Bourse de Luxembourg* or Euronext Lisbon did not occur on or before 31 March 2022;

"**No Registration Event**" means the Registration Condition is not complied with by the Registration Deadline;

"**Noteholder**" has the meaning given to it in Condition 1;

"**Notes**" has the meaning given to it in the preamble to these Conditions;

"**Official List**" means the official list of the Luxembourg Stock Exchange;

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component part thereof) on the Notes or, if applicable, any other successor or alternative rate (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of Condition 5.6.;

"**Paying Agent**" means Haitong Bank, S.A.;

"**PRC**" means the People's Republic of China, which shall for the purposes of these Conditions exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing;

"**Put Exercise Notice**" means a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Terms, obtainable from the specified office of the Paying Agent;

"**Put Settlement Date**" means the fourteenth day after the expiry of the 30-day period following a Relevant Event, or, if later, the 30-day period following the date on which notice thereof is given to the Noteholders by the Issuer in accordance with Condition 12, as referred to in Condition 6.3;

"**Reference Banks**" means five leading banks in the principal interbank market relating to euro selected by the Paying Agent in its discretion after consultation (if the Paying Agent is not the Issuer at the relevant time) with the Issuer;

"**Reference Date**" means the later of (i) the Issue Date or (ii) the latest date (if any) on which any further Notes have been issued pursuant to Condition 13;

"**Registration Condition**" means the receipt by the Agent of the Registration Documents as set forth in Condition 3.2;

"**Registration Deadline**" means the day falling 180 PRC Business Days after the Issue Date;

"**Relevant Amounts**" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include

amounts that have become due and payable, but which have not been paid, prior to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority;

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the Issuer in a winding-up of the Issuer, the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that such payment will be made, provided that the relevant payment is in fact made, and (ii) in respect of a sum to be paid by the Issuer in a winding-up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up;

"**Relevant Event**" means a Change of Control, a No-Listing Event or a No Registration Event;

"**Relevant Jurisdiction**" means Portugal or any political subdivision or authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the European Commission, the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority 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 European Commission, (b) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (c) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (d) a group of the aforementioned central banks or other supervisory authorities, or (e) the Financial Stability Board or any part thereof;

"**Relevant Regulator**" means the Bank of Portugal, the Single Resolution Board, the European Central Bank or such other authority having primary supervisory authority with respect to prudential and/or resolution matters concerning the Issuer and/or the Group, as may be relevant in the context and circumstances;

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Statutory Loss Absorption Powers in relation to the Issuer;

"**Reuters Page EURIBOR01**" means the display page or screen so designated on Reuters (or such other page or screen as may replace that page on that service, or such other service as may be nominated as the information vendor);

"**SAFE**" means the State Administration of Foreign Exchange of the PRC;

"**Securities Account**" means a securities account held with an Affiliate Member of Interbolsa;

"**Statutory Loss Absorption Powers**" means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (i) the transposition of the BRRD (including but not limited to the Portuguese General Framework for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*), established by Decree-Law No. 298/92 of 31 December 1992, as amended or superseded (including by any banking activity code that may enter into force)) and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

"**Subsidiary**" means any entity with respect to which the Issuer or the Guarantor, from time to time (i) owns, directly or indirectly, more than 50 per cent. of the share capital or similar right of ownership, or (ii) owns or is able to exercise, directly or indirectly, more than 50 per cent. of the voting rights, or (iii) has the right to appoint the majority of the members of the board of directors, or (iv) whose financial statements are at such time, in accordance with applicable law and generally accepted accounting principles, consolidated with the Issuer's or, as the case may be, the Guarantor's financial statements;

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

"**S&P**" means S&P Global Ratings Europe Limited;

"**TARGET Business Day**" means a day on which the TARGET System is operating;

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

"**Tax Law Change**" means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or a change in an official application or interpretation of those laws or regulations on or after the Reference Date, including a decision of any court or tribunal which becomes effective on or after the Reference Date; and

"**Withholding Tax Event**" shall be deemed to occur if, as a result of a Tax Law Change, in making any payments in respect of the Notes or the Guarantee the Issuer or the Guarantor has paid, or will or would on the next Interest Payment Date be required to pay, Additional Amounts in respect of the Notes or the Guarantee that cannot be avoided by the Issuer or the Guarantor, as the case may be, by taking measures reasonably available to it.

5. THE GUARANTEE

THIS DEED is made on 8 February 2022 by **HAITONG SECURITIES CO., LTD.** (the "**Guarantor**") in favour of the Noteholders (as defined below) for the time being and from time to time.

WHEREAS

(A) Haitong Bank, S.A. (the "**Issuer**") has authorised the issue of €230,000,000 Floating Rate Senior Guaranteed Notes due 2025 (the "**Notes**"), in respect of which an instrument will be made on or around the date hereof by the Issuer in favour of the Noteholders (the "**Instrument**") and agency terms (the "**Agency Terms**") in relation to Haitong Bank, S.A.'s role as paying agent with respect to the Notes will be prepared.

(B) The Issuer is a credit institution incorporated and functioning under Portuguese laws and is an indirect subsidiary of the Guarantor, which is a company incorporated and functioning under laws of the People's Republic of China.

(C) The Guarantor has agreed to unconditionally and irrevocably guarantee the payment of all sums expressed to be payable from time to time by the Issuer to the Noteholders under the Notes.

NOW THIS DEED WITNESSES AND IT IS DECLARED as follows:

1 Interpretation

1.1 Definitions

Unless the context requires or the same are otherwise defined, words and expressions defined in the Instrument (including, without limitation, in the terms and conditions of the Notes which form part of a schedule to the Instrument (the "**Conditions**")) and not otherwise defined herein shall have the same meaning in this Deed.

1.2 Contracts

Save where the contrary is indicated, references in this Deed (including in the recitals hereto) to this Deed or any other document (including the Instrument) are to this Deed or these documents as amended, varied, novated, supplemented or replaced from time to time in relation to the Notes and includes any document that amends, varies, novates, supplements or replaces them.

1.3 Clauses

Any reference in this Deed to a Clause is, unless otherwise stated, to a clause hereof.

1.4 Headings

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed.

1.5 Legislation

Any reference in this Deed to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

2 Guarantee and Indemnity

2.1 Guarantee

(a) *Guarantee*: The Guarantor unconditionally and irrevocably guarantees to the holder of each Note the due and punctual payment of all sums from time to time payable by the Issuer in respect of such Note as and when the same become due and payable and, accordingly, undertakes that if the Issuer does not pay any sum payable by it under the Instrument or the Notes by the time and on the date specified for such payment (whether on the due date, on acceleration or otherwise), the Guarantor shall pay that sum in full to or to the order of such Noteholder in the manner provided in the Instrument and the Conditions before the close of business on that date in the city to which payment is so to be made. All payments under this Deed by the Guarantor shall be made subject to and in accordance with the Conditions, the Instrument and the Agency Terms.

(b) *Guarantor as Principal Debtor*: As between the Guarantor and the Noteholders but without affecting the Issuer's obligations, the Guarantor shall be liable under this Deed as if it were the sole principal debtor and not merely a surety.

(c) *Authorisations*: All necessary governmental and regulatory consents and authorisations for the giving and implementation of the guarantee under this Deed have been obtained.

2.2 Indemnity

The Guarantor irrevocably and unconditionally agrees as a primary obligation to indemnity each Noteholder from time to time from and against any loss incurred by such Noteholder as a result of any of the obligations of the Issuer under or pursuant to any Note, the Instrument or any provision thereof being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to such Noteholder or any other person, the amount of such loss being the amount which such Noteholder would otherwise have been entitled to recover from the Issuer. Any amount payable pursuant to this indemnity shall be payable in the manner and currency prescribed by the Conditions and the Instrument for payments by the Issuer in respect of the Notes. This indemnity constitutes a separate and independent obligation from

the other obligations under this Deed and shall give rise to a separate and independent cause of action.

3 Preservation of Rights

3.1 Continuing obligations

The obligations of the Guarantor herein contained shall constitute and be continuing obligations and shall continue in full force and effect notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of any of the Issuer's obligations under or in respect of any Note or the Instrument until all sums due from the Issuer in respect of the Notes and under the Instrument have been paid, and all other actual or contingent obligations of the Issuer thereunder or in respect thereof have been satisfied, in full. The obligations of the Guarantor herein are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise and may be enforced without first having recourse to (including making any demand of, taking any action or obtaining any judgment in any court against, or making or filing any claim or proof in a winding-up or dissolution of) the Issuer, any other person, any security or any other guarantee or indemnity.

3.2 Obligations not discharged

The obligations of the Guarantor herein contained and the rights, powers and remedies conferred upon the Noteholders shall not be discharged, impaired or otherwise affected by, and the Guarantor irrevocably waives any defences in respect of its obligations hereunder it may now or hereafter have relating to, any or all of the following:

(a) *Winding up*: the winding up, dissolution, administration, re-organisation, amalgamation, reconstruction or moratorium of the Issuer or any change in its status, function, control or ownership;

(b) *Illegality*: any of the obligations of the Issuer under or in respect of the Notes or the Instrument being or becoming illegal, invalid, unenforceable or ineffective in any respect;

(c) *Indulgence*: time, waiver, consent or other indulgence (including, for the avoidance of doubt, any composition) being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of the Notes or the Instrument or to any other person;

(d) *Amendment*: any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Issuer under or in respect of the Notes, this Deed or the Instrument or any security or other guarantee or indemnity in respect thereof including without limitation any change in the purposes for

which the proceeds of the issue of any Note are to be applied and any extension of or any increase of the obligations of the Issuer in respect of any Note or the addition of any new obligations for the Issuer under the Instrument;

(e) *Enforcement*: the making or absence of any demand on the Issuer or any other person for payment, the enforcement or absence of enforcement of this Deed, the Instrument, the Notes or of any security or other guarantee or indemnity, or the taking, existence or release of any security, guarantee or indemnity; or

(f) *Analogous events*: any other act, event or omission which, but for this Clause 3.2(f) might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Noteholders by this Deed or by law.

3.3 Settlement conditional

Any settlement or discharge between the Guarantor on the one hand and the Noteholders or any of them on the other hand shall be conditional upon no payment to the Noteholders or any of them by the Issuer being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Noteholders, shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.

The Guarantor shall on demand indemnify each Noteholder, on an after tax basis, against any cost, loss, expense or liability sustained or incurred by it as a direct result of it being required for any reason (including any winding up, dissolution, administration, re-organisation or moratorium of the Issuer or the Guarantor) to refund all or part of any amount received or recovered by it in respect of any sum payable by the Issuer under the Instrument or any Note and shall in any event pay on demand to any Noteholder any amounts so refunded.

3.4 Deferral of Guarantor's Rights

The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of the Notes or under the Instrument or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any right which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:

(a) *Indemnity*: to be indemnified by the Issuer;

(b) *Contribution*: to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of the Notes or the Instrument;

(c) *Benefit of Security*: to take the benefit (in whole or in part) of or enforce any security or other guarantee or indemnity enjoyed in connection with the Notes or the Instrument by any Noteholder; and/or

(d) *Subrogation*: to be subrogated to the rights of any Noteholder against the Issuer in respect of amounts paid by the Guarantor under this Deed.

Any amount received or recovered by the Guarantor as a result of any exercise of any such right or winding up, dissolution, administration, re-organisation or moratorium of the Issuer will be held in trust for the Noteholders and promptly paid to the Noteholders in the manner set out in the Notes and the Instrument.

3.5 Ranking of Obligations of the Guarantor

In respect of the Notes, the obligations of the Guarantor under this Deed are direct, unsecured and unsubordinated obligations of the Guarantor and therefore the Guarantor undertakes that its obligations hereunder, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations, will at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor from time to time outstanding.

3.6 Exercise of Rights

No Noteholder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed or by law to:

(a) make any demand of the Issuer, save for the presentation of the relevant Note;

(b) take any action or obtain judgment in any court against the Issuer; or

(c) make or file any claim or proof in a winding up or dissolution of the Issuer,

and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of each Note.

4 Compliance with the Conditions

The Guarantor covenants in favour of each Noteholder that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions.

5 Payments

5.1 Stamp Duties

The Guarantor shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) in the PRC, Portugal, or any other relevant jurisdiction which are payable upon or in connection with the execution and delivery of this Deed, except for stamp duty payable in Portugal for the granting of the Guarantee, which shall

be paid by Haitong Bank, S.A., and shall indemnify each Noteholder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

5.2 Payments Free of Taxes

All payments by the Guarantor under this Deed in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or Portugal, in each case, any political subdivision or any authority therein or thereof having power to tax, subject to and in accordance with Condition 9 and Clause 6 of the Instrument.

6 Benefit of Deed

6.1 Deed poll

This Deed shall take effect as a deed poll for the benefit of the Noteholders from time to time.

6.2 Benefit

This Deed shall enure to the benefit of each Noteholder and to its successors and assigns, each of which shall be entitled severally to enforce this Deed against the Guarantor.

6.3 Assignment

The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Noteholder shall be entitled to assign all or any of its rights and benefits hereunder.

6.4 Deposit and return

This Deed shall be deposited with and held by the Agent until all and every payment obligations under the Notes and the Instrument are discharged in full and shall be returned to the Guarantor 5 Business Days upon discharge in full of all such obligations. The Guarantor acknowledges and agrees that copies of this Guarantee will be made available for inspection by Noteholders during normal business hours at the specified office of the Agent, Avenida de Francia, 17, A, 1, 46023 Valencia, Spain, following prior written request and certificate of ownership issued by the relevant Affiliate Member of Interbolsa through which the Notes are held.

7 Partial Invalidity

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

8 Notices

8.1 Address for notices

(a) All notices and other communications to the Guarantor hereunder shall be made in writing (by letter, fax or e-mail) and shall be sent to the Guarantor at:

Haitong Securities Co., Ltd.

Haitong Securities Building No. 689 Guangdong Road

Shanghai, PRC

Fax no.:+86 021-63410184

E-mail: zlf13717@htsec.com / hsy11723@htsec.com

Attention: Mr. Zhang Liefeng / Miss Huang Shuyu

or to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Agent from time to time.

(b) All notices to the Noteholders hereunder shall be made in accordance with Condition 12.

Any document, notice or other communication given under or in connection with this Deed must be in English.

8.2 Effectiveness

Every notice or other communication sent in accordance with Clause 8.1 shall be effective, in the case of a letter, when delivered and in the case of a fax, when the relevant delivery receipt is received by the sender, provided that any such notice or other communication which would otherwise take effect on a non-business day, or after 4.00 p.m. on any particular business day, in the place of the addressee shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor, as the case may be. Any notice or other communication delivered to any party under this Deed which is sent by fax will be written legal evidence.

9 Currency Indemnity

If any sum due from the Guarantor under this Deed or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under this Deed or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to this Deed, the Guarantor shall indemnify each Noteholder on demand against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the

second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Guarantor and shall give rise to a separate and independent cause of action.

10 Governing Law and Jurisdiction

10.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

10.2 Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed and accordingly any legal action or proceedings arising out of or in connection with this Deed ("**Proceedings**") may be brought in such courts. The Guarantor irrevocably submits to the exclusive jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

10.3 Service of process

The Guarantor irrevocably appoints Haitong Bank, S.A., London Branch, with registered office at 8 Finsbury Circus, EC2M 7EA, London, as its authorised agent to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, the Guarantor irrevocably agrees to appoint a substitute process agent and deliver to the Noteholders a copy of the new agent's acceptance of that appointment within 30 days of such cessation. Nothing shall affect the right to serve process in any manner permitted by law.

10.4 Waiver of Immunity

The Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

11 Modification

The Instrument contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of this Deed. Any such modification may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution and shall be binding on all Noteholders, save that the Guarantor may increase or extend its obligations hereunder by way of supplement to this Deed upon the issue of further Notes under Condition 13.

12 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, except and to the extent (if any) that this Deed expressly provides for such Act to apply to any of its terms.

13 Severability

If any one or more of the provisions contained in this Deed shall be invalid, illegal or unenforceable in any respect under the applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not be in any way affected or impaired.

14 Counterparts

This Deed may be executed in any number of counterparts, each of which shall be deemed an original.

6. FORM OF THE NOTES

General

The Notes will be registered through the CVM, managed by Interbolsa, and will be held through a centralised system (*sistema centralizado*) composed of interconnected Securities Accounts, through which such securities (and inherent rights) are created, held and transferred, and which allows Interbolsa to control at all times the amount of securities so created, held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The CVM will comprise, *inter alia*, (i) the issue account, opened by the Issuer in the CVM and which reflects the full amount of the Notes outstanding from time to time; and (ii) the control accounts opened by each of the Affiliate Members of Interbolsa, and which reflect at all times the aggregate nominal amount of the Notes held by such Affiliate Member by or on behalf of the Noteholders in individual Securities Accounts.

The Notes will be allocated an International Securities Identification Number ("**ISIN**") through the codification system of Interbolsa. The Notes will be accepted and registered with CVM and settled in Interbolsa's settlement system.

Form of the Notes

The Notes will be in book-entry form (*forma escritural*) and nominative (*nomintivas*) and title thereto will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable CSSF and Interbolsa regulations. No physical document of title will be issued in respect of the Notes.

The Notes are nominative which means that Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer.

Each person shown in the Securities Accounts as having title to the Notes shall be treated as the Noteholder of the principal amount of the Notes recorded therein.

Payment of principal and interest in respect of Notes

Payment of principal and interest in respect of the Notes will be subject to Portuguese laws and regulations, notably the regulations from time to time issued and applied by the CSSF and by Interbolsa.

The Issuer must give Interbolsa advance notice of all payments and provide all necessary information for that purpose.

Prior to any payment, the Paying Agent shall provide Interbolsa with a statement of acceptance of its role of Paying Agent.

Interbolsa must notify the Paying Agent of the amounts to be settled, which will be determined by Interbolsa on the basis of the account balances of the control accounts of each relevant Affiliate Member of Interbolsa.

On the date on which any payment in respect of the Notes is to be made, the corresponding entries and counter-entries will be made by Interbolsa in the TARGET2 System current accounts held by the Paying Agent and by the relevant Affiliate Members of Interbolsa.

Whilst the Notes are recorded at the CVM, payment of principal and interest in respect of the Notes will be (a) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent's behalf for payments in respect of the Notes to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with the CVM are credited with such Notes and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the Noteholders of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

Transfer of the Notes

The Notes may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Notes. No Noteholder will be able to transfer the Notes, except in accordance with Portuguese law and the applicable procedures of Interbolsa.

Each purchaser of Notes and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) it understands that the Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Regulation S, in each case in accordance with any applicable securities laws of any State of the United States; and

(iii) the Issuer, the Manager, as the case may be, and the Guarantor and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

7. USE OF PROCEEDS

The estimated net amount of the proceeds from the issue of the Notes is €228,551,500 and will be applied or allocated by the Issuer to refinance existing debt.

8. DESCRIPTION OF THE ISSUER

Legal and Commercial name of the Issuer

The legal name of the Issuer is Haitong Bank, S.A. and its commercial name is "Haitong Bank".

Corporate Information about the Issuer

Haitong Bank, S.A. is a bank headquartered in Portugal, at Rua Alexandre Herculano, 38, 1269-180 Lisboa, in Portugal, with a registered share capital of €844,769,000, which is fully subscribed and paid up. The share capital is divided into 168,953,800 registered book-entry shares with a nominal value of €5.00 each.

The Issuer is a limited liability company ("*Sociedade Anónima*") under Portuguese law and is registered for an indefinite term in the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 501 385 932.

Haitong Bank's Legal Entity Identifier (LEI) code is GDI8P8WHFH4PS5YTU851. Its phone number is (+351) 213 196 900 and its website is www.haitongib.com. The Issuer is a credit institution whose activities are regulated by the RGICSF and is subject to the Portuguese Companies Code.

Origin and Overview

Haitong Bank was established in Portugal on 28 February 1983 as a foreign investment company under the name FINC – Sociedade Portuguesa Promotora de Investimentos, S.A.R.L.. In 1986, the company was integrated into the Espírito Santo Group under the name Espírito Santo – Sociedade de Investimentos, S.A..

Haitong Bank is a credit institution duly authorised by the Portuguese authorities, central banks and other regulators to carry out its business in Portugal and in the countries where it operates through international financial branches. Haitong Bank may engage in banking and financial intermediation activities in a number of European Union countries under Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and MIFID passport permissions, on a free provision of services basis.

Haitong Bank's corporate business, as set forth in article two of its Articles of Association, is to perform all banking industry-related activities pursuant to the law and to acquire and sell shares in limited liability companies, even if their business differs from that of Haitong Bank, or if they are governed by special laws or if they are part of a complementary group of companies or a European economic interest grouping, whatever their business.

In order to enlarge the scope of its business, the Issuer obtained permission from the Portuguese authorities to operate as an investment bank. This involved the publication of Order in Council No. 366/92, of 23 November, published in the Portuguese Official Gazette – Series II – No. 279, of 3 December. Its activity as an investment bank began on 1 April 1993 under the name Banco ESSI, S.A..

On 1 July 1998, the company changed its name to BESI and in 2000 BES acquired the whole of BESI's share capital, reflecting the existing synergies between the two institutions in its consolidated accounts.

On 3 August 2014, the Bank of Portugal applied a resolution measure to BES, BESI's former sole shareholder, under the legal framework for the adoption of resolution measures established by the RGICSF. Under this resolution measure, the Bank of Portugal transferred most of BES' business, including its assets, liabilities, off-balance sheet items and assets under management, to a bridge bank designated novobanco, specifically set up for this purpose. As a result, novobanco became the sole shareholder of BESI.

On 8 December 2014, novobanco announced that it had entered into a sale and purchase agreement in respect of the entire share capital of BESI with Haitong International Holdings, a direct wholly owned subsidiary of Haitong Securities Co. Ltd.. On 7 September 2015, the sale was completed and Haitong International Holdings became a direct shareholder of BESI. Following this acquisition, on 7 September 2015 BESI's name was formally changed to Haitong Bank, S.A..

Haitong Bank currently operates through its headquarters in Lisbon, as well as through its subsidiaries in Portugal and Brazil and branches in London, Warsaw, Madrid and Macau.

Shareholding Structure

As at the date of this Prospectus, Haitong International Holdings holds 100 per cent. (168,953,796 shares) of the Issuer's share capital with voting rights. The remaining 4 shares are held by Haitong International Global Strategic Investment Limited (incorporated in the Cayman Islands), Haitong Capital International Investment Co., Ltd. (incorporated in Hong Kong), Haitong Innovation International Capital Management Co., Ltd. (incorporated in the Cayman Islands) and Haitong Capital International Investment Fund L.P. (incorporated in the Cayman Islands).

There are no specific mechanisms in place to ensure that exercise of control over the Issuer is not abused. Risk of abusive control is, in any case, mitigated by the existence of a governance model that is in line with international best practices in management. The Issuer currently has in place a governance model that includes a Board of Directors (*Conselho de Administração*) and a Supervisory Board (*Conselho Fiscal*), with a separate Statutory Auditor (*Revisor Oficial de Contas*).

Risk of abusive control is also mitigated by the applicable legal and regulatory provisions and by the Bank of Portugal's supervision of the Issuer.

Ratings

The Issuer's current long-term credit rating is BB/Stable assigned by S&P. According to S&P's Global Ratings Definitions, an obligor rated "BB" is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments. Stable means that a rating is not likely to change over the next 12 months. The Issuer's current short-term credit risk is B assigned by S&P. According to S&P's Global Ratings Definitions, an

obligor rated “B” is regarded as more vulnerable than obligors rated A-3 and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments. The credit rating is not a recommendation to buy, sell or hold the Notes and S&P Global Ratings may raise, lower, suspend, place on CreditWatch, or withdraw an issue credit rating, and assign or revise an outlook, at any time, in S&P Global Ratings’ sole discretion.

Business and Operations

Haitong Securities, headquartered in Shanghai, is a leading securities firm in China, with a vast network of offices in each province and in all main cities of China. Haitong Securities is the parent entity of a group of companies (including the Issuer) that operate in 14 countries across 5 continents, including the global financial hubs of Shanghai, Hong Kong, New York, London, Tokyo and Singapore. Haitong Group’s main business lines include securities brokerage, investment banking, asset management, private equity, financial leasing, lending, and investments. Through its extensive branch network and subsidiaries, the Haitong Group serves a customer base of over 18 million customers, including retail, corporate and institutional, both domestically and abroad.

Through its subsidiaries and branches, Haitong Bank operates in Portugal, Spain, UK, Poland, Brazil and Macau, providing banking services focused on corporate and institutional clients supported by local teams in each of these geographies.

Haitong Bank’s strategy is to connect clients and business opportunities across its broad network, combining its long-standing expertise in Europe and Latin America with Haitong Group’s China angle. The Issuer’s competitive differentiator lies precisely in China’s strong cross-border connection with the European and Latin American markets. Haitong Bank’s deep-rooted presence in its local markets, together with its Chinese heritage, makes it a leading player in supporting Chinese companies in gaining access to foreign markets for funding and investments. The recent opening of its Macau branch reinforces this China angle strategy.

Haitong Bank’s Macau branch was authorised by the local regulator in July 2021, following the Bank of Portugal’s authorisation granted in 2019. This branch will play a strategic role in accelerating the Issuer’s cross-border business with a China angle, as well as gaining a foothold in the Greater Bay Area, one of the most dynamic economic regions in the world. The Macau branch will also reinforce the coordination with Haitong International Holdings. Through this branch, Haitong Securities becomes the first Chinese securities firm to indirectly control a banking license in Greater China.

Haitong Bank’s Business Model

The Issuer’s business model is underpinned by 3 drivers: traditional local franchises in Iberia, Poland, UK and Brazil; China angle recently reinforced by the opening of the Macau branch; and cross-border focus.

Main Subsidiaries and International Activity

As at 31 December 2021, the Issuer's main subsidiaries and controlling interests were the following:

- **Haitong Brasil**: Haitong Brasil is controlled by Haitong Bank with an 80 percent stake, with the Brazilian bank Banco Bradesco owning the remaining 20 percent. It has a registered share capital of BRL 420,000,007.78. Haitong Brasil provides financial services in capital markets, mergers and acquisitions, structured finance, treasury and risk management; and
- **Haitong Capital SCR**: Registered in Portugal with a registered share capital of EUR 25,000,000.00, the company's corporate purpose is to undertake non-strategic financial holdings in unlisted companies with a view to realising gains with the sale / exit of such shareholdings. Haitong Capital SCR, incorporated in September 1988 as SFIR – Sociedade de Financiamento e Investimento de Risco, S.A., coordinates all private equity business, investing the group's funds or raising and managing funds of third parties. Haitong Capital SCR is 100 percent directly owned by Haitong Bank, following the incorporation of ESSI, SGPS, S.A. in Haitong Bank (at that time still BESI). Haitong Bank is currently implementing a reorganisation of Haitong Capital SCR, with a change in its business model. Going forward, and after the regulator's approval granted in September 2021, Haitong Capital SCR will be renamed Haitong Global Asset Management and will be focused on broad asset management activities, beyond its traditional pure private equity business. This process is currently in progress and a regulatory impact assessment is underway to properly adjust it to the Portuguese SGOIC framework.

Main Business Areas

Haitong Bank's business activity is organised under two core verticals:

- Corporate & Investment Banking: Mergers and Acquisitions ("**M&A**") Advisory, Capital Markets (ECM/DCM), Structured Finance and Corporate Derivatives;
- Institutional Services: Fixed Income and Global Asset Management.

<u>M&A Advisory</u>

The M&A division provides financial advisory services on the acquisition, sale or merger of companies. This division also provides services such as valuations, restructuring and feasibility studies. Haitong Bank's M&A division leverages on a team of experienced professionals with a strong local network and long-standing execution track-record in several geographies. The M&A team also provides support to Chinese companies in executing their internationalisation strategy in Europe and Latin America.

Haitong Bank's M&A business has become more cross-border in an increasingly competitive environment. As a pure advisory activity, it faces greater competition from banks and other entities operating outside the banking regulatory rules, such as accountancy firms and advisory boutiques.

In this context, Haitong Bank aims to broaden its scope and geographical reach in order to provide these services on a more global and integrated scale. As such, it decided to terminate the local M&A Divisions in

Portugal and Spain and create a new department called "Sino-EU M&A Department" that will be responsible for all Haitong Bank's M&A business between China and the Eurozone.

Capital Markets (ECM / DCM)

The Capital Markets division works on the origination, structuring and execution of market-oriented debt and equity instruments, providing services to corporates, financial institutions, public companies and state-related entities. In the debt capital markets area, the Issuer engages in the structuring of debt instruments, namely domestic debt issues and cross-border issues, especially related to China and other emerging markets, as well as hybrid products, green and sustainability linked bonds, project bonds, commercial paper programmes and liability management.

The equity capital markets area focuses on privatisations, initial public offerings (IPOs), capital increases, takeover offers and delistings, as well as equity-linked instruments, such as convertible bonds, for corporate clients.

The Capital Markets division also supports other Haitong Group entities in their domestic transactions, whenever there is an international angle in their client's activities, or the relevant sectors are exposed to global market trends.

Structured Finance

The Structured Finance division develops financing solutions and provides services to its clients based on its long track-record and expertise in project finance, acquisition finance and other credits. The Issuer's structured finance activities include the following: (i) structuring, arranging and underwriting debt facilities – mainly focusing on China-related transactions and structured finance solutions, including acquisition finance and project finance-related deals in the real estate, infrastructure and energy sectors; (ii) structuring of financing operations through bond issues under a project finance regime; (iii) financial advisory services; and (iv) post-closing services – portfolio management and agency roles.

The Issuer's structured finance business' unique selling proposition and strategy are driven by the potential for China-related new business origination as well as by the Issuer's local positioning and execution capabilities in Europe and Latin America.

Corporate Derivatives

The Issuer's Derivatives Desk covers several asset classes such as interest rates, FX and commodities, providing its clients with tailor-made solutions to optimise their hedging strategy against an increase in interest rates, exchange rate variations between payments and receipts of their products and in fixing the cost / sale price of raw materials.

It aims to help companies protect their balance sheets against financial variables that may negatively affect their profits, allowing them to focus on their core business, lock in the margin in their products, and, above all, protect the value for their shareholders.

Fixed Income

The Fixed Income Division works as a 'product factory' and as a distribution platform for debt products and OTC derivatives, bringing strong local knowledge to an international platform level and capturing the flow between clients in different regions, whilst remaining an important player in Haitong Bank's relevant markets (Iberia, Poland and Brazil). The Fixed Income team has significant expertise in the target markets and ensures a strong distribution of debt products to institutional clients globally. The Fixed Income Division is present in Portugal, Spain, Poland and Brazil, covering Haitong Bank's banking book management, trading / flow, Fixed Income Institutional Sales and Syndication.

It remains focused on adding the Chinese angle to its current offer, while working to become an important player in Chinese products. By building a strong bridge with local Chinese teams and having dynamic staff in its different offices, the Fixed Income Division is able to create synergies and has become an execution hub of exciting cross-border business opportunities.

Global Asset Management

The Asset Management team has a strong track-record of over 19 years in the European equities portfolio. This division acts as an investment manager in a range of different mandates and asset portfolios with a view to maximising absolute returns in the long-term, taking into account the risk profile defined by each mandate and the limits established. Haitong Bank aims to expand this business by increasing Assets under Management ("**AuM**") in both its equities and fixed income portfolios.

As part of the reorganisation in course, this division will be reallocated to the Haitong Global Asset Management recently approved by the Portuguese Securities Market Commission in September 2021, which will be focused on the management of undertakings for collective investment in transferable securities ("**UCITS**"), management of venture capital investment undertakings, discretionary and individualised management of portfolios on behalf of third parties, record keeping and deposit of units of collective investment undertakings, and the reception and transmission of orders in relation to financial instruments.

From a strategic viewpoint, Haitong Global Asset Management will be positioned as a European vehicle for managing the Haitong Group's collective investment undertakings, capitalising on the Haitong Group's know-how in Asian assets and on its solid track-record in European assets.

Haitong Global Asset Management, resulting from the conversion of Haitong Capital SCR (which was exclusively dedicated to the private equity business) into a broad asset management unit, will operate in Portugal.

Administrative, Management and Supervisory Bodies

The Issuer's corporate structure is composed of a Board of Directors (*Conselho de Administração*), a Supervisory Board (*Conselho Fiscal*), the General Meeting (*Assembleia Geral*) and a Statutory Auditor

(*Revisor Oficial de Contas*). The members of these corporate bodies are elected for three-year terms and may be re-elected one or more times.

The composition of the Issuer's administrative, management and supervisory bodies, for the 2020-2022 term of office, is:

General Meeting Board

Chair	Maria João Ricou
Secretary	David Luís Marques Ramalhete

Board of Directors

Chair of the Board of Directors	Lin Yong
Members	Wu Min
	Alan do Amaral Fernandes
	José Miguel Aleixo Nunes Guiomar
	Nuno Miguel Sousa Figueiredo Carvalho
	Vasco Câmara Pires dos Santos Martins
	António Domingues
	Ana Martina Garcia Raoul-Jourde
	Pan Guangtao
	Paulo José Lameiras Martins
	Vincent Marie L. Camerlynck
	Xinjun Zhang

Supervisory Board

Chair	Maria do Rosário Mayoral Robles Machado Simões Ventura
Members	Cristina Maria da Costa Pinto
	Mário Paulo Bettencourt de Oliveira
Alternate	Paulo Ribeiro da Silva

Auditor

The entity responsible for auditing the accounts of the Issuer is Deloitte & Associados, SROC, S.A., ("**Deloitte**") registered at the CMVM under no. 231 and represented by Mr. João Carlos Henriques Gomes Ferreira, with professional domicile at Av. Eng. Duarte Pacheco, no. 7, 1070-100 Lisboa, Portugal.

Executive Committee

Chief Executive Officer	Wu Min
Members	Alan do Amaral Fernandes
	José Miguel Aleixo Nunes Guiomar
	Nuno Miguel Sousa Figueiredo Carvalho
	Vasco Câmara Pires dos Santos Martins
Senior Managers with seat on the Executive Committee	António Carlos Gomes Pacheco
	Pedro Alexandre Martins Costa

The professional domicile of the members of the administrative and supervisory bodies of Haitong Bank is Haitong Bank's registered office at Rua Alexandre Herculano, 38, 1269-180 Lisboa, Portugal.

Board of Directors members' relevant activities outside the Haitong Group

- **Lin Yong**:
  - Non-Executive Director of Hong Kong Financial Services Development Council.
- **Wu Min**:
  - Does not hold any positions in companies outside of Haitong Group.
- **Alan do Amaral Fernandes**:
  - Non-Executive Member of Empresa Brasileira de Projectos, S.A. – EBP.
- **José Miguel Aleixo Nunes Guiomar**:
  - Board Member of the Portugal - Brazil Chamber of Commerce;
  - Board Member of the Portugal - China Chamber of Commerce.
- **Nuno Miguel Sousa Figueiredo Carvalho**:
  - Does not hold any positions in companies outside of Haitong Group.
- **Vasco Câmara Pires dos Santos Martins**:
  - Does not hold any positions in companies outside of Haitong Group.
- **António Domingues**:
  - Non-Executive Board Member of NOS, S.A..
- **Ana Martina Garcia Raoul-Jourde**:
  - Does not hold any positions in companies outside of Haitong Group.

- **Pan Guangtao**:
  - Member of Trading Committee of CFFEX (China Financial Futures Exchange);
  - Member of OTC Market Committee of SAC (Securities Association of China).
- **Paulo José Lameiras Martins**:
  - President of Supervisory Board of FSOIC Partners, SGOIC, S.A.;
  - Non-Executive Board Member of Parama, Unipessoal, Lda.;
  - Partner and Manager at Rational Dreams, Lda..
- **Vincent Marie L. Camerlynck**:
  - Non-Executive Board Member of C WorldWide Asset Management;
  - Non-Executive Board Member of CAPFI Delen Asset Management NV;
  - Non-Executive Board Member of Equity Trustees UK.
- **Xinjun Zhang**:
  - Does not hold any positions in companies outside of Haitong Group.

Supervisory Board members' relevant activities outside the Haitong Group

- **Maria do Rosário Mayoral Robles Machado Simões Ventura**:
  - Chair of the Supervisory Board of Bondalti Capital, S.A..
- **Cristina Maria da Costa Pinto**:
  - Member of the Supervisory Board of Sogrape SGPS, S.A.;
  - Member of the Supervisory Board of Super Bock Group SGPS, S.A.;
  - Member of the Supervisory Board of Mota-Engil SGPS, S.A.;
  - Professor at Universidade Católica Portuguesa;
  - Consultant at Pinheiro Pinto Consultoria Limitada.
- **Mário Paulo Bettencourt de Oliveira**:
  - Member of the Supervisory Board of Silvip - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.;
  - Alternative Member of the Supervisory Board of: Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E.; Agroleite de Canha - Sociedade Agro-Pecuária, Lda.; Bigempire, S.A.; Coruche 1A Fotovoltaica, S.A.; Coruche 1B Fotovoltaica, S.A.; Coruche 1C Fotovoltaica, S.A.; Dunas Capital, S.A.; Duncap - Consultoria e Mediação Imobiliária, S.A.; EGEO Internacional, SGPS, S.A.; EGEO Oil Gestão e Investimentos SGPS, S.A.; EGEO, SGPS, S.A.; Esporão - Vendas e Marketing, S.A.; Esporão, S.A. / Finagra – Soc. Industrial e Agrícola, S.A.; G2ER - Energia Solar One, S.A.; Gesparte - Soc. de Gestão, Partic. e Auditoria, S.A.; Gotan, SGPS, S.A.; Grow Advisory, S.A.; Grow Energy Invest, S.A.; Grow Solar UPP, S.A.; Imobiliária Construtora Grão Pará, S.A.; IMOSPEL - Compra e Venda de Imóveis, S.A.; JHR - Sociedade Gestora de Participações Sociais, S.A.; Lake Louise, Atividades Turísticas, S.A.; Machrent, S.A.; Masaveu investimentos, SGPS, S.A; Monte da

Várzea - Sociedade Agrícola e Florestal, S.A.; MQP - SGPS, S.A.; MQP AMBIENTE, SGPS, S.A.; Multiparques a Céu Aberto - Camp., Carav. em Parques, S.A; MURÇAS, S.A.; N.R.D.- Núcleo de Rádio-Diagnóstico, S.A.; Newcapital SGPS, S.A.; Novo Banco dos Açores, S.A.; Pinhal dos Corvos - Sociedade Agrícola e Florestal, S.A.; Quinta do Ameal - Sociedade Agrícola, S.A.; Rectius - Sociedade de Investimento Imobiliário, S.A.; Rendimento Seguro - Investimentos Imobiliários, S.A.; RISGIL - Gestão Imobiliária, S.A.; Globalprom, Lda.; Soc. Administração de Bens Monte da Várzea do Moinho, S.A.; Sociedade Agrícola da Carregueira do Mato, S.A.; STDA - Sociedade Turística do Alentejo; STELLAMARE, S.A..

– **Paulo Ribeiro da Silva**:

- Member of the Supervisory Board of ACP – Mobilidade, Sociedade de Seguros de Assistência, S.A.;
- Statutory Auditor of: 4 Travellers, Lda.; Azicapital – SGPS, S.A.; Azicoast - Empreendimentos Turísticos, Lda.; Azigep - SGPS, S.A.; Azilis - Empreendimentos Hoteleiros, S.A.; Azimar - Investimentos Turísticos, S.A.; Azinor - Comércio Internacional e Representações, Lda.; Azinor - Middle East, SGPS, S.A.; Azinor - Sociedade Gestora de Participações Sociais, S.A; Azinor Consulting & Services, S.A.; Azinor Distribuição SGPS, S.A.; Azinor Finance – SGPS, S.A.; Azinor Imobiliária, Lda.; Azinor Intercontinental, Lda. (ZFM); Azinor Turismo, SGPS, S.A; Azioni – Mobiliário e Decoração, S.A.; Azipalace – Investimentos Turísticos, S.A.; Aziparque - Empreendimentos Turísticos, S.A.; Azitejo - Empreendimentos Turísticos, S.A.; Azitrust - Comércio Internacional e Investimentos, Lda.; Bread & Friends Company, Lda.; Câmara Municipal de Sintra; Carl & Dittgen, S.A.; Chatoyant, Lda.; Copta - Companhia Portuguesa de Turismo do Algarve, S.A.; Deigest - SGPS, S.A.; Domus Tagus - Turismo e Lazer, Lda.; Du Tage - Animação Turística e Lazer, Lda.; Exfa - Sociedade de Iniciativas Turísticas, S.A.; Forus Premium Projects, S.A.; Gamalife – Companhia de Seguros de Vida, S.A.; Garotel - Sociedade de Iniciativas Turísticas, S.A.; Hotel Paris·- Sociedade Hoteleira e Turística, S.A.; Intra Douro - Investimentos Turísticos, S.A.; Ivol - Sociedade de Investimentos Hoteleiros, S.A.; Mascota Imobiliária, S.A.; Modus Turis - Empreendimentos Turísticos, Lda.; Município de Alcobaça; Nazgest – SGPS, S.A.; Património Crescente - Investimentos Turísticos, S.A.; Sana Hotels Portugal, S.A.; Sep Sancho - Equipamentos Pecuários e Construção, S.A.; Sérgio Martins - Com. Prod. p/ Agric. e Pecuária, Lda.; Serviços Municipalizados de Sintra; Sesimbrotel Sociedade de Iniciativas Turísticas, S.A.; SMA - Serviços Municipalizados de Alcobaça; Sociedade de Banhos Miramar S. Julião da Barra, Lda.; Sociedade Hoteleira de Sete-Rios, S.A.; Trigo "In Situ" Torre Vasco da Gama, S.A.; Vanguarda - Mobiliário e Decoração, Lda.; Villageplace – Promoção Imobiliária, Lda.; Wellness Concepts, Lda..

Conflict of Interest

To the best of the Issuer's knowledge, there are no potential conflicts of interests between the duties of any member of the management and supervisory bodies identified above towards the Issuer and his/her personal interests and duties which have not been identified and adequately disclosed and settled.

Recent Developments

There are no recent developments that may impact on the Issuer's activity. The Issuer is also unaware of any trends, uncertainties, demands, commitments or events reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

Main Legislation Regulating the Activity of the Issuer

The Issuer is subject to EU regulation, to the Portuguese Companies Code, which comprises commercial laws applicable to joint-stock companies (*sociedades anónimas*), and in particular to the RGICSF, to the Portuguese Securities Code and other related legislation. Such regulations relate to, amongst others, liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices.

EU membership subjects Portugal to compliance with European legislation, be it in the form of regulations, which are directly enforceable in any member state, or of directives addressed to member states, which may require the enactment of implementing legislation or rather, as established by the European Court of Justice in several decisions, may be deemed to be directly enforceable in a member state in the event that they are clear, precise and unconditional. In addition, the EC and the Council of Ministers issue non-binding recommendations to member states. The Portuguese authorities have introduced EU directives and recommendations into legislation to adapt Portuguese laws to European regulatory standards.

The ECB directly supervises significant banks, whereas each national competent authority ("**NCA**", as is the case of the Bank of Portugal in Portugal) is responsible for supervising other banks within its jurisdiction, including the Issuer.

<u>European Central Bank</u>

In order to ensure financial stability and lay foundations for sustained economic growth, the EU member states created a banking union. This union provided that, from November 2014 onwards, the ECB becomes responsible for the prudential supervision of the credit institutions considered significant which operate in the European Union. Behavioural supervision of these credit institutions shall remain with their respective national regulators. Credit institutions from European Union countries outside of the Eurozone may elect to be supervised by the ECB, under the banking union, having to ensure that their national regulator cooperates closely with the ECB.

Single Supervisory Mechanism

Council Regulation (EU) No. 1024/2013 of 15 October 2013 established the SSM for Eurozone banks and other credit institutions. The SSM maintains an important distinction between significant and non-significant entities, which are subject to different supervisory regimes. The ECB carries out the prudential supervision of significant entities. As a result, the ECB has been granted certain supervisory powers as from 4 November 2014, which include:

(a) the authority to grant and revoke authorisations regarding credit institutions;

(b) with respect to credit institutions incorporated in a participating member state which establish a branch or provide cross-border services in member states not part of the Eurozone, the power to carry out the tasks of the competent authority of the home member state;

(c) the power to assess notifications regarding the acquisition and disposal of qualifying holdings in credit institutions;

(d) the power to ensure compliance with requirements relating to own funds, securitisation, large exposure limits, liquidity, leverage, as well as reporting and public disclosure of information on those matters;

(e) the power to ensure compliance with respect to corporate governance, including fit and proper requirements for persons responsible for the management of credit institutions, risk management processes, internal control mechanisms, remuneration policies and practices, and effective internal capital adequacy assessment processes (including internal ratings-based models);

(f) the power to carry out supervisory reviews, including, where appropriate and in coordination with the EBA, stress tests, which may lead to the imposition of specific additional own funds requirements, publication requirements, liquidity requirements and other measures;

(g) the power to supervise credit institutions on a consolidated group basis, extending supervision over parent entities established in one of the member states;

(h) the power to participate in supplementary supervision of a financial conglomerate in relation to the credit institutions included in it and to assume the tasks of a coordinator where the ECB is appointed as the coordinator for a financial conglomerate; and

(i) the power to carry out supervisory tasks in relation to recovery plans, provide early intervention where a credit institution or group does not meet or is likely to breach the applicable prudential requirements and, only in the cases explicitly permitted by law, implement structural changes to prevent financial stress or failure, excluding any resolution powers.

The ECB's SSM Framework Regulation (EU) No. 468/2014 of 16 April 2014 sets out the framework for cooperation within the SSM between the ECB and the relevant national authorities, while ECB's Regulation

(EU) No. 1163/2014 of 22 October 2014 sets forth the calculation methodology and collection procedure for annual supervisory fees which are borne by supervised credit institutions.

NCAs carry out and are responsible for the tasks referred to in points (b), (d) to (g) and (i) above and for adopting all relevant supervisory decisions with regard to less significant institutions, such as the Issuer.

As regards the monitoring of financial institutions, the NCAs support the ECB in the day-to-day supervision of significant banks and directly supervise other banks operating in their respective jurisdiction. They are also responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks.

In order to foster the consistency and efficiency of supervisory practices across the Eurozone, the EBA is continuing to develop its rulebook, a single supervisory set of rules applicable to the Eurozone Member States ("**EBA Rulebook**").

CRD IV (as defined below) contains specific mandates for the EBA to develop draft regulatory or implementing technical standards, as well as guidelines and reports, in order to enhance regulatory harmonisation across Europe through the EBA Rulebook. A series of regulations concerning regulatory or implementing technical standards have been published.

Single Resolution Mechanism

The EC established the Single Resolution Mechanism through Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, which came into effect on 1 January 2016 and establishes uniform rules and procedure for the resolution of credit institutions and certain investment firms within the framework of a Single Resolution Mechanism and a Single Resolution Fund. Amendments to Regulation (EU) No. 806/2014 entered into force following the adoption by the European Council, on 14 May 2019, of a comprehensive legislative package to reduce risks in the banking sector and further reinforce banks' ability to withstand potential shocks (although most of the new rules only started applying in mid-2021). The Single Resolution Mechanism is responsible for coordinating the application of resolution tools within the Eurozone and, from 1 January 2016, is responsible for the resolution of credit institutions, which shall be funded through the Single Resolution Fund and not by any national resolution fund, such as the Resolution Fund. However, in Portugal the Resolution Fund will remain responsible for funding decisions, taken by the Bank of Portugal as the national resolution authority, issued until 31 December 2015, including those relating to the Resolution Measure applied to BES and the resolutions regarding Banif – Banco Internacional do Funchal, S.A., as well as for funding resolution decisions of certain financial institutions that fall outside the scope of the Single Resolution Fund.

Commission Delegated Regulation (EU) 2017/2361 of 14 September 2017 further establishes the final system of contributions to the administrative expenditures of the Single Resolution and Commission Delegated Regulation (EU) 2017/747 of 17 December 2015 establishes the criteria relating to the calculation of contributions (*ex ante* and *ex post contributions*).

Bank Recovery and Resolution Directive

The Bank Recovery and Resolution Directive ("**BRRD**") was transposed into Portuguese law by Law No. 23-A/2015, of 26 March, and Law No. 66/2015, of 6 July. The BRRD was later amended by Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 and by Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017, which was transposed into Portuguese law by Law No. 23/2019, of 13 March.

The BRRD aims to harmonise the resolution procedures of, among other things, credit institutions of European Union Member States and provide the authorities of such Member States with tools that aim to prevent insolvency or, when insolvency occurs, to mitigate its adverse effects, by maintaining the systemically key functions of said institutions.

The BRRD provides for the following, among other provisions:

(i) Preparation and planning stage: Preparation for adopting measures of recovery and resolution, including (a) drawing up and submitting recovery plans by credit institutions to the competent authority for evaluation, which shall provide for the measures to be taken for restoring their financial position following a significant deterioration of their financial position and (b) drawing up of a resolution plan for each credit institution or group;

(ii) Early intervention stage: If an institution breaches the applicable legal requirements governing its activity or is likely to breach them in the near future, the competent authority is conferred with the power to:

  (a) require that the board of directors of the credit institution draws up an action plan, with a specific timeline;

  (b) require that the chair of the general meeting of the credit institution convenes a general meeting of its shareholders or, in case the chair of the general meeting does not comply, promptly convene itself a general meeting of the shareholders of the credit institution;

  (c) require that one or more members of the board of directors or the supervisory board be removed or replaced if they are considered unsuitable in light of the applicable provisions to perform their duties;

  (d) require that the credit institution draws up and submits for consultation a plan for debt restructuring with its creditors according to the recovery plan;

  (e) require changes in the legal or business structures of the credit institutions; and

  (f) collect (including through on-site inspections) all necessary information for the update of the resolution plan and the preparation of the potential resolution of the credit institution and the valuation of its assets and liabilities for the resolution purposes.

In case of significant deterioration of an institution's financial condition due to significant infringements of the law, regulatory acts or its constitutional documents or if the competent authority believes that significant administrative irregularities have taken place, that the institution's current shareholders and board of directors are unable to ensure its prudent management or financial recovery or that there are other reasons to suspect irregularities that may jeopardise the interests of depositors and creditors, and provided that the early intervention measures listed above in subparagraph (ii) are not sufficient to reverse the financial deterioration of the institution, the competent authority may require the removal of the institution's board of directors. When the competent authority considers that the removal of the management body is insufficient to address any of the abovementioned situations, one or more temporary directors may be appointed to the institution.

(iii) Resolution measures: The resolution authority shall take action only if it considers that all of the following conditions are met:

(a) The competent authority or the resolution authority considers that the institution is failing or is likely to fail;

(b) having regard to timing and other relevant circumstances, no alternative private sector measures or supervisory action, including early intervention measures or the exercise of the powers to write-down or convert own funds instruments, would prevent the failure of the institution within a reasonable timeframe;

(c) a resolution action is necessary for public interest reasons, i.e. it is required for the achievement of and is proportionate to one or more of the resolution objectives established by law; and

(d) winding up the institution under normal insolvency proceedings would not meet those resolution objectives more effectively.

The resolution measures that may be implemented by the resolution authority, either individually or in conjunction, are the following:

(i) Sale of business tool: transfer to a purchaser, by a decision of the resolution authority, of shares or other instruments of ownership or of some or all of the rights and obligations (corresponding to assets, liabilities, off-balance sheet items and assets under management) of the institution under resolution, without the consent of its shareholders or of any third party other than the acquirer;

(ii) Bridge institution tool: establishment of a bridge institution by the resolution authority, to which shares or other instruments of ownership or some or all of the rights and obligations (corresponding to assets, liabilities, off-balance sheet items and assets under management) of the institution under resolution are transferred without the consent of the shareholders of the institution under resolution or of any third party;

(iii) Asset separation tool (to be used only in conjunction with another resolution measure): transfer, by a decision of the resolution authority, of the rights and obligations (corresponding to assets, liabilities, off-balance sheet items and assets under management) of an institution under resolution or of a bridge institution to one or more asset management vehicles, without the consent of the shareholders of the institution under resolution or of any third party other than the bridge institution. The asset management vehicles are legal persons wholly or partially owned by the relevant resolution fund; and

(iv) Bail-in tool: write-down or conversion by the resolution authority of any obligations of an institution under resolution, except for the following obligations, as defined under the applicable law:

(a) covered deposits;

(b) secured obligations;

(c) obligations arising from the holding of clients' assets or money;

(d) obligations to credit institutions and investment firms, excluding other members of the group, with an original maturity of less than seven days;

(e) obligations, with a remaining maturity of less than seven days, towards payment and securities settlement systems, their administrators or participants, arising from participation in said systems;

(f) obligations towards (i) employees, except for the variable component of their remuneration which is not regulated by a collective agreement, (ii) commercial or trade creditors, connected to the provision of goods and services considered critical for the institution's daily operation, (iii) tax authorities and social security authorities, provided that these obligations are privileged according to the applicable law, and (iv) deposit guarantee schemes arising from contributions due to those schemes; and

(g) obligations towards a beneficiary in the context of a fiduciary relationship, provided that such beneficiary is protected under applicable insolvency or civil law.

In exceptional circumstances, when the bail-in tool is implemented the resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers. This exception shall apply if it is strictly necessary and proportionate and shall fall under the specific requirements provided by law.

Further to the above resolution measures, the resolution authority shall exercise the write-down or conversion powers in respect of the institution's own funds instruments, either independently from the resolution measures implemented by the resolution authority or in combination with those resolution measures, under the circumstances provided under the applicable law, when for example it is established

that the conditions for resolution are met or when the resolution authority establishes that if said power is not exercised the institution will cease to be viable.

The application of the resolution measures shall ensure that the institution's shareholders bear losses first, followed by its creditors in accordance with the order of priority of their claims under normal insolvency proceedings. Additionally, creditors of the same class should be treated in an equitable manner and covered deposits should be fully protected. In any case, no creditor should incur greater losses than it would have incurred if the institution had been wound up under normal insolvency proceedings in accordance with the "no creditor worse off" principle.

To ensure the effective application of the resolution tools, the resolution authority may use financing arrangements, notably for the following purposes:

(i) to guarantee the assets or liabilities of the institution under resolution, its subsidiaries, a bridge institution or an asset management vehicle;

(ii) to grant loans to the institution under resolution, its subsidiaries, a bridge institution or an asset management vehicle;

(iii) to purchase assets of the institution under resolution;

(iv) to make contributions to a bridge institution and an asset management vehicle;

(v) to pay compensation to shareholders, creditors of the institution under resolution or the Deposit Guarantee Fund; and

(vi) to contribute to the institution under resolution in lieu of the write-down or conversion of liabilities of certain creditors, when the bail-in tool is applied and the resolution authority decides to exclude certain creditors from the scope of bail-in.

In addition to the resolution tools (such as the general bail-in tool), the BRRD empowers the resolution authorities to permanently write-down or convert into equity capital instruments at the point of non-viability and before any other resolution action is taken ("**non-viability loss absorption**").

For the purposes of the application of any non-viability loss absorption measure, under the BRRD the point of non-viability is the point at which (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority or authorities, as the case may be, determine(s) that the relevant entity or its group will no longer be viable unless the relevant capital instruments are written down or converted or (iii) extraordinary public financial support is required by the relevant entity or its group other than, where the relevant entity is an institution, for the purposes of remedying a serious disturbance in the economy of a member state of the EEA and to preserve financial stability.

On 3 September 2016, the EC adopted Delegated Regulation (EU) 2016/1450, of 23 March 2016, supplementing the BRRD regulatory technical standards, which entered into force on 23 September 2016,

specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities ("**MREL**"). This required that institutions meet the MREL to avoid excessive reliance on forms of funding that are excluded from bail-in or other resolution measures and to prevent the risk of contagion to other institutions and "bank run" situations, since failure to meet the MREL would negatively impact institutions' loss absorption and recapitalisation capacity and the overall effectiveness of any resolution.

Bank of Portugal

The Bank of Portugal is part of the European System of Central Banks ("**ESCB**"), which was created in connection with the European Monetary Union ("**EMU**"). The EMU implements a single monetary policy, the main features of which are a single currency – the euro – and the creation of the ECB and the ESCB. According to the EU Treaty, the primary objective of the ESCB is to maintain price stability through monetary policy.

The Bank of Portugal is committed to providing for the stability of the domestic financial system and for this purpose it performs the function of lender of last resort (as set forth in Law No. 5/98, of 31 January). This goal is achieved through the supervision of credit institutions, financial companies and other entities subject to the supervision of the Bank of Portugal, as mentioned below.

According to the RGICSF, and subject to the powers conferred on the ECB in the context of the SSM and to the cooperation between the ECB and the Bank of Portugal where applicable, the Bank of Portugal authorises the establishment of credit institutions and financial companies based on technical-prudential criteria, monitors the activity of the institutions under its supervision and their compliance with the rules governing their activities, issues recommendations for the correction of any deviations from such rules, sanctions breaches should they occur and possesses the ability to take extraordinary reorganisation measures.

The Bank of Portugal has established and/or is responsible for supervising and monitoring, subject to the powers conferred on the ECB in the context of the SSM and to the cooperation between the ECB and the Bank of Portugal where applicable, rules governing solvency ratios, reserve requirements, control of major risks and provisions for specific and general credit risks. Subject to the same terms, it monitors compliance with these rules through periodic inspections, the review of regularly filed financial statements and reports, and continuing assessment of compliance with current legislation.

The Bank of Portugal is also charged with the duty to regulate, oversee and promote the smooth operation of payment systems within the scope of its participation in the ESCB.

Capital and capital ratios

In the wake of the financial crisis and due to insufficiencies in existing regulatory capital structures, as well as the lack of adequate capital reserves in systemically important financial institutions, the issue of capital requirements has been subject to numerous national and international initiatives. In December 2010, the

Basel Committee published two recommendations to reform the global regulatory framework applicable to credit institutions ("Basel III: A global regulatory framework for more resilient credit institutions and banking systems" and "Basel III: International framework for liquidity risk measurement, standards and monitoring", both of which have been subsequently updated). These recommendations, known as "Basel III", revised certain aspects of the recommendations contained in Basel II which introduced new rules on capital and liquidity. In the EU, these recommendations were implemented through new banking regulations adopted on 26 June 2013:

(a) CRD IV Directive, which has been transposed into Portuguese law by Decree-Law No. 157/2014, of 24 October; and

(b) Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms ("**CRD IV Regulation**" or "**CRR**" and, together with the CRD IV Directive, "**CRD IV**"), which is legally binding and directly applicable in all EU Member States. Implementation began on 1 January 2014, with certain elements being phased in over time, being expected to be fully effective by 2024.

On 23 November 2016, the EC presented legislative proposals for the Reforms. After the European Parliament confirmed its position on the Reforms, the European Parliament and Council of the EU reached an agreement on the main elements of the Reforms. The agreed text was endorsed on 16 April 2019 by the European Parliament and sets out a comprehensive set of reforms to further strengthen the resilience and resolvability of EU banks.

On 14 May 2019, the European Council announced that it had adopted the Reforms. The Reforms were published in the Official Journal and entered into force in June, although most of the new rules only started applying in mid-2021. As per the European Council's press release, the Reforms include the following key measures:

- a leverage ratio requirement for all institutions, as well as a leverage ratio buffer for all global systemically important institutions;
- a net stable funding requirement;
- a new market risk framework for reporting purposes, including measures reducing reporting and disclosure requirements and simplifying market risk and liquidity rules for small non-complex banks in order to ensure a proportionate framework for all banks within the EU;
- a requirement for third-country institutions with significant activities in the EU to have an EU intermediate parent undertaking;
- a new total loss absorbing capacity ("**TLAC**") requirement for global systemically important institutions;
- enhanced MREL subordination rules for global systemically important institutions ("**G-SIIs**") and other large banks; and

- a new moratorium power for the resolution authority.

In addition, on 7 December 2017 the Basel Committee and the Group of Central Bank Governors and Heads of Supervision presented reforms to the Basel III regulatory framework, also known as "Basel IV". The final Basel III reforms include several policy and supervisory measures that aim to enhance the reliability and comparability of risk-weighted capital ratios and to reduce the potential for undue variation in capital requirements for banks across the globe. The measures comprise revisions to the standardised approach for credit risk, internal ratings-based approaches for credit risk, the credit valuation adjustment risk framework, the operational risk framework, the leverage ratio framework and a revised output floor. The proposals contained in the Basel III reforms are intended to be applied from 2022 with a transitional period for the output floor until 2027, although these timelines remain unclear until such rules are implemented into draft European and Portuguese legislation.

Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 regarding the ranking of unsecured debt instruments in insolvency hierarchy, which amended the BRRD, was implemented in Portugal through Law No. 23/2019, of 13 March, creating a new asset class of "non-preferred" senior debt that ranks in insolvency above own-funds instruments and subordinated liabilities that do not qualify as own funds, but below other senior liabilities. Further, it confers a preferential claim to all deposit vis-à-vis senior debt.

Capital Requirements

CRD IV amended existing regulatory capital items which are divided as described below, subject to certain further deductions as described in CRD IV:

- Common Equity Tier 1 ("**CET1**"): This category includes share capital, share premiums, eligible reserves and the net profit for the year retained when certified and non-controlling interests adjusted in proportion to the risk of entities that give rise to them; goodwill, intangible assets, negative actuarial deviations arising from liabilities related to post-employment benefits to employees and, when applicable, the negative results for the year are also deductible;
- Additional Tier 1 ("**AT1**" and, together with CET1 items, "**Tier 1**"): This category includes certain preferred shares and hybrid capital instruments;
- Tier 2 ("**Tier 2**"): essentially incorporates subordinated eligible debt; and
- Total Own Funds is Tier 1 and Tier 2 ("**Total Own Funds**").

Subject to any applicable transitional periods, the CRD IV general Total Own Funds requirement is 8 per cent. of the total risk-weighted assets, while at least 6 per cent. and 4.5 per cent. of the minimum Total Own Funds shall be composed by Tier 1 and CET1, respectively. Accordingly, the maximum eligible capital that can be covered through Tier 2 instruments is 2 per cent. The above may be subject to additional capital requirements as a result of the SREP and is subject to capital conservation and other buffers, as indicated below and which, where applicable, need to be covered by CET1 amounts.

Regulatory Notice ("*Aviso*") 6/2013 issued by the Bank of Portugal regulated the transition provided in CRD IV and had determined a minimum CET1 ratio of 7.0 per cent., calculated under the transitional period requirements, to be complied with from 1 January 2014 onwards. Regulatory Notice ("*Aviso*") 6/2013 has since been revoked and replaced by Regulatory Notice ("*Aviso*") No. 10/2017 issued by the Bank of Portugal, which entered into force on 1 January 2018 and which regulates the exercise of a range of options available within the prudential framework established by the CRD IV Regulation and Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 following the publication of Guideline (EU) 2017/697 (ECB/2017/9) of 4 April 2017 and Recommendation ECB/2017/10 of 4 April 2017, both of the ECB.

CRD IV required credit institutions to hold additional CET1 capital buffers as fixed by the relevant supervisory authorities:

- A "conservation buffer" of 2.5 per cent. In case of non-compliance, the regulator will impose constraints on dividends distribution and executive bonuses inversely proportional to the level of the actual CET1 ratio;
- A "countercyclical capital buffer" which varies by jurisdiction. The buffer is being phased in and, when fully phased in, is expected to range between 0 per cent. and 2.5 per cent. depending on macroeconomic factors. In Portugal, pursuant to the Bank of Portugal's decision of 23 March 2021, the revised countercyclical buffer rate is set at 0.00 per cent. of the total risk exposure amount, with effect from 1 April 2021;
- A "systemic risk buffer" of at least 1 per cent. set at the discretion of the national authorities of EU Member States, to be applied to institutions at the consolidated or individual level, or even at the level of exposures in certain countries where a banking group operates. Currently no systemic risk buffer has been set by the Bank of Portugal; and
- Additional buffers are applied to O-SIIs. For global systemically important institutions, the additional buffer ranges between 1 per cent. and 3.5 per cent., whereas for O-SIIs it could reach 2 per cent. Through Regulatory Notice 4/2015 of 29 December 2015, the Bank of Portugal regulated disclosure of the identification of O-SIIs in Portugal and of the common equity Tier 1 buffer applicable to each identified O-SII. The Issuer is not currently considered a systemically important institution.

Supervisory Review and Evaluation Process

In December 2014, the EBA published its final guidelines on the procedures and methodologies to be implemented on an annual basis by the supervisory authorities to ensure that each credit institution has appropriate strategies, processes, capital and liquidity in place to face the risks it is or might be exposed to. This process implements Basel Pillar 2.

The SREP also assesses the risk each institution poses to the financial system and makes it possible to determine capital and liquidity requirements and other supervisory measures to address the specific weaknesses of each institution.

The SREP carried out on an annual basis by the Bank of Portugal follows these guidelines and the methodologies of the SSM for significant institutions and for less significant institutions. The NCAs, which are responsible for supervising LSIs such as the Issuer, have been implementing a harmonised SREP methodology for LSIs, which began in 2018 and was rolled out to all LSIs by 2020.

The procedures followed by the Bank of Portugal under the SREP take into consideration the size, systemic importance, nature and complexity of institutions' activities, in line with the principle of proportionality.

The SREP assessments include a capital assessment, business model analysis, assessment of internal governance and control, liquidity assessment and broader stress testing. The purpose of these SREP assessments is to evaluate whether institutions have adequate arrangements, strategies, processes and mechanisms, as well as capital and liquidity, to ensure their sound management and the coverage of any risks, they are or might be exposed to, including those revealed by stress testing. Where the results of a SREP assessment identify risk areas not adequately covered by the Pillar 1 capital requirements or the combined buffer requirement, competent authorities can determine the appropriate level of an institution's own funds requirement under CRD IV and assess whether additional own funds shall be required.

Liquidity Requirements

With respect to liquidity requirements, there is in place a provision for near term liquidity and from June 2021 there is in place medium/long-term financing requirements referred to as the liquidity coverage requirement ("**LCR**") and net stable funding ratio ("**NSFR**"), respectively.

The LCR seeks to ensure that institutions maintain liquidity buffers adequate to face possible imbalances between liquidity inflows and outflows under gravely stressed conditions. It does so by defining an amount of unencumbered, high quality liquid assets that must be held by a credit institution to offset estimated net cash outflows over a 30-day stress scenario. The liquidity coverage requirement is 100 per cent. In relation to the liquidity coverage requirement, the EU regulation:

- Defined assets as "extremely high" and "high" quality;
- Put in place operational requirements for the holding of liquid assets;
- Defined that all types of notes issued or guaranteed by Member States' central governments and central banks in local currency, as well as those issued or guaranteed by supranational institutions, should be considered transferrable extremely high quality assets;

- Stated that credit quality standards and eligibility of covered notes, notes, RMBS and notes issued by local government entities should be considered highly liquid and credit quality assets; and
- Defined that common equity shares that form part of a major stock index should be considered high quality liquid assets.

As for the NSFR, also with a requirement of 100 per cent., to ensure that institutions maintain a stable funding profile in relation to the composition of their assets and off-balance-sheet activities over a one-year period. Moreover, the regulator establishes minimum provisioning requirements for loans, non-performing loans, overdue loans, impairment for securities and equity holdings, sovereign risk and other contingencies.

Large Exposures

As per the CRD IV Regulation and Bank of Portugal Notice ("*Aviso*") No. 10/2017, a credit institution shall not have exposure to a customer or group of connected customers exceeding 25 per cent. of its own funds. In terms of exposure to the economic group in which a credit institution is incorporated, this limit is not applicable to the institution's exposure to entities included within the scope of the Bank of Portugal's supervision on a consolidated basis and which have their head offices located in Portugal. Under prior authorisation of the Bank of Portugal, this exemption may be extended to other entities with the same characteristics as those described above but whose head office is located in a third country.

Similarly, Bank of Portugal Notice ("*Aviso*") No. 10/2017 permits the exemption limit of 25 per cent. of a credit institution's own funds for exposures to certain assets, including assets constituting credits and other risks on central governments or central banks (as minimum reserve requirements expressed in the relevant central bank's currency), among other exemptions.

Minimum Reserve Requirements

Credit institutions are required to maintain mandatory deposits with national central banks in order to comply with minimum reserve requirements. According to ECB Regulation (EC) No. 1358/2011 of 14 December (ECB/2003/9) amending the ECB Regulation (EC) No. 1745/2003 of 12 September (ECB/2003/9), minimum cash requirements kept as deposits with the Bank of Portugal earn interest and correspond to 1 per cent. of deposits and issued debt certificates with a maturity of less than two years, excluding responsibilities towards the ECB, national central banks and other institutions subject to minimum cash reserves requirements as further set out in ECB Regulation (EU) No. 2016/1705 of 9 September 2016.

A bank's failure to maintain adequate liquidity may result in (i) an increase in the cash amount required (of up to three times the original amount) or (ii) payment of interest over the amount of deposits not made, up to double the rediscount rate or up to five percentage points over the market rate.

Deposit Guarantee Fund

The Deposit Guarantee Fund was established in 1992 and started operating in December 1994 with administrative and financial autonomy. Credit institutions with head offices in Portugal that accept deposits must participate in this fund. The financial resources of the Deposit Guarantee Fund are mainly composed of initial contributions from the Bank of Portugal and participating credit institutions and, thereafter, periodic contributions from the participating credit institutions.

On 16 April 2014, the European Parliament and the Council adopted Directive 2014/49/EU on deposit guarantee schemes throughout the EU ("**recast DGSD**"), which was implemented in Portugal through Law No. 23-A/2015, of 26 March, amending the RGICSF.

When a credit institution is unable to comply with its commitments, the Deposit Guarantee Fund guarantees the repayment to depositors of up to €100,000 per depositor, subject to certain statutory exceptions, as mentioned below. Deposits made on Portuguese territory are guaranteed regardless of the currency in which they are denominated and whether the depositor is resident or non-resident in Portugal. However, some deposits are excluded from the deposit guarantee scheme, such as those made by credit institutions, financial companies, insurance companies, investment funds, pension funds, pension fund management companies, and central or local administration bodies, among others, in their own name and for their own account, with the exception of those made by (i) pension funds whose associates are small and medium-sized enterprises and (ii) local authorities with an annual budget equal to or less than €500,000.

Also excluded from the guarantee scheme are certain deposits relating to anti-money laundering criminal convictions or where their holder has not been properly identified in accordance with anti-money laundering and counter-terrorism financing laws. Finally, deposits of persons and entities who, in the two years before the date on which deposits become unavailable or a resolution has been adopted, directly or indirectly held 2 per cent. or more of the share capital of the credit institution or have been members of its corporate bodies are also excluded, unless it is clearly established that they did not cause the credit institution's financial difficulties, through act or omission, or did not contribute to the deterioration of its situation.

The annual contributions to the Deposit Guarantee Fund are calculated based on the monthly average of the deposits accepted in the previous year. An annual contributions rate is determined annually by the Bank of Portugal. This rate, plus a multiplicative factor, is determined in accordance with the solvency situation of each institution (the higher an institution's average solvency ratio, the lower its contribution). The applicable factor is defined in Bank of Portugal Notice 11/94. The basic contribution rate set for 2021 is 0.0003 per cent.

The Bank of Portugal may determine that the payment of up to 75 per cent. of the annual contributions may be partly replaced by an irrevocable undertaking to make full or partial payment upon request of the fund at any moment, guaranteed where necessary by securities with a low credit risk and high liquidity.

Bank of Portugal Instruction no. 31/2020 established the annual contribution rate (0.0003 per cent. for the entire territory) and the minimum contribution (€235.00) for 2021. It also established that in 2021 the participating credit institutions cannot replace their annual contributions by irrevocable undertakings.

Without prejudice to the foregoing, in the future due account may need to be taken of EBA's guidelines on methods for calculating contributions to deposit guarantee schemes (EBA/GL/2015/10), dated 22 September 2015 and last amended on 13 June 2016.

Anti-Money Laundering Regulations

The Issuer is subject to extensive regulation on anti-money laundering and terrorism. Compliance with anti-money laundering and anti-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences.

Under Law No. 83/2017, focus has been placed on the prevention of the use of the financial system and of specially designated activities and professions for the purposes of money laundering and terrorist financing. Law No. 83/2017 comprises the following compliance duties: (i) duty of identification of a customer and of its representative; (ii) general obligation of due diligence, according to which entities are required to take adequate measures to understand their client's ownership and control structure ("know your customer"), obtain information about the purpose and nature of its business, as well as the source and destination of funds moved in the context of that business; (iii) duty to refuse to execute any operation, or to enter into any business relation or specific transaction whenever the client information duty has not been fully complied with; (iv) duty to keep records of all documentation and information provided; (v) duty to examine with special caution and care any conduct, activity or operation which, according to the professional experience of the financial institution, bears elements liable to raise suspicion of money-laundering; (vi) entities subject to Law No. 83/2017 shall refrain from executing any operation whenever they know or suspect it may be related with money-laundering; (vii) duty of cooperation, under which entities subject to Law No. 83/2017 are required to cooperate with the General Attorney of the Portuguese State (*Procurador Geral da República*) and the Financial Information Unit (*Unidade de Informação Financeira*) as requested; (viii) duty of professional secrecy, which determines that entities may not disclose to their client the fact that they have provided information requested by the competent authorities; (ix) duty of control, which requires that entities shall implement adequate internal procedures to ensure compliance with their anti-money laundering duties; and (x) duty to provide adequate anti-money laundering training to their employees and managers.

In addition to the aforementioned duties, according to the applicable reporting obligations, entities subject to Law No. 83/2017 have a reporting duty, under which the General Attorney of the Portuguese State and the Financial Information Unit must be promptly informed of any operation likely to constitute a money laundering or terrorism financing offense. Moreover, a special reporting duty is applicable to transactions which present a special risk of money laundering or terrorism financing when related to a specific country or jurisdiction subject to additional counter-terrorism measures decided by the Council of

the European Union. In these cases, the competent supervisory authorities may determine the obligation to immediately report such those transactions to the General Attorney of the Portuguese State and the Financial Information Unit, when they amount to €5,000 or more.

Applicable measures and sanctions for breach on anti-money laundering rules include the application of fines ranging from €50,000 to €5,000,000 and, in the case of credit institutions, of up to 10 per cent. of the total annual turnover (according to the latest accounts approved by the management body) if such amount is higher than €5.0 million and, always depending on the seriousness of the infraction and the degree of fault involved, ancillary penalties, including an interdiction from exercising the activity in question for a period of up to three years, prohibition from holding management, direction, leadership or supervisory roles in the entities subject to Law No. 83/2017, and publication of the penalty.

Law No. 58/2020 ("**Law No. 58/2020**"), published on 31 August 2020, transposed into the Portuguese law (i) Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 (Anti-Money Laundering Directive 5), which amends Directive (EU) 2015/849 (Anti-Money Laundering Directive 4), on prevention of the use of the financial system for the purpose of money laundering or terrorist financing; and (ii) Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by means of criminal law. Law No. 58/2020 introduces a set of amendments to several national laws in particular, to Law No. 83/2017, which establishes Portuguese anti-money laundering and counter-terrorism financing rules, and Law No. 89/2017, of 21 August, which enacts the Central Regime of Ultimate Beneficial Owners.

Law No. 97/2017 regulates the application and execution of restrictive measures approved by the United Nations or the European Union and establishes the sanctions regime applicable to any violation of these measures, revised and republished in accordance with Law No. 58/2020.

Bank of Portugal Notice No. 2/2018 establishes the conditions of exercise, procedures, instruments, mechanisms, enforcement formalities, reporting obligations and other aspects necessary to ensure compliance with anti-money laundering and counter-terrorism financing rules.

Regulation No. 2/2020 addresses anti-money laundering and terrorist financing with specific rules applicable to entities subject to supervision of the Bank of Portugal and the CMVM, regulating the framework set by Law No. 83/2017.

Additionally, Law No. 89/2017 saw the approval in Portugal of the legal framework applicable to the Central Register of Beneficial Ownership, implementing Chapter III of EU Directive 2015/849, which consists of a database managed by the Portuguese Institute of Registrations and Notaries with updated information on the natural persons who, directly or indirectly, own or control entities subject to registration.

9. DESCRIPTION OF THE GUARANTOR

Legal and Commercial name of the Guarantor

The legal name of the Guarantor is Haitong Securities Co., Ltd. and its commercial name is "Haitong Securities".

Corporate Information about the Guarantor

Haitong Securities Co., Ltd. is headquartered in the PRC, at 12/F, Haitong Securities Building, No. 689 Guangdong Road, Shanghai. It has a registered share capital of RMB13,064,200,000.00, which is fully subscribed and paid up. The share capital is divided into 13,064,200,000 shares (3,409,568,820 H shares and 9,654,631,180 A shares) with a nominal value of RMB1.00 each, all listed and traded on the Shanghai Stock Exchange.

The Guarantor is a limited liability company incorporated and registered under PRC law and its taxpayer number is 91310000132209 21X6.

The Guarantor's Legal Entity Identifier (LEI) code is 300300E1003931000068. Its phone number is 8621-23219000 and its website is www.htsec.com. The Guarantor is an investment banking company whose activities are regulated by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time, and is subject to the Company Law of the PRC.

Origin and Overview

Haitong Group is a leading full-service securities firm based in the PRC with an integrated business platform, extensive branch network and substantial customer base. Haitong Group has established prudent operating strategies and is the only major PRC securities firm founded in the 1980s that remains in operation under the same brand without having received government-backed capital injections or having been the target of a successful acquisition. Leveraging on its integrated business platform, Haitong Group provides a comprehensive range of financial products and services, and with a focus on six main business lines in the PRC: securities and futures brokerage (including margin financing and securities lending), investment banking, asset management, proprietary trading, direct investment and financial leasing. Haitong Group has attained leading market positions across multiple business lines in the PRC securities industry and it also provides a variety of securities products and services overseas. In addition, Haitong Group has a long track record of brokerage operation across business cycles and enjoys a strong market position in China's retail brokerage segment.

Established in 1988, Haitong Group has navigated through changing market and business cycles, regulatory reforms and industry developments over its 30 years of operating history, including the Asian financial crisis in 1997 and the most recent global financial crisis in 2008. Haitong Group has established prudent corporate governance, effective risk management and internal control systems to reduce its exposure to various risks in the securities markets. In recognition of its strong capital position, effective risk

management and internal control systems, as well as its proven track record, Haitong Group received an "AA" regulatory rating, the highest rating given to a PRC securities firm to date, from the CSRC from 2008 to 2012, from 2014 to 2015 and from 2017 to 2020. Haitong Group's A shares have been listed on the Shanghai Stock Exchange with stock code 600837 since July 2007 and its H shares have been listed on the HKSE with stock code 06837 since April 2012. Haitong Group was admitted to the CSI 300 Index in July 2007, the SSE 180 Index in December 2007, the SSE 50 Index and Hang Seng China H-Financials Index in September 2012, the Hang Seng Mainland 100 Index in September 2012, Morgan Stanley Capital International Index in November 2012 and Hang Seng China Enterprises Index in February 2013. In addition, its A shares were selected as one of the constituent stocks of the SSE Corporate Governance Index in June 2008.

Leveraging on its prudent operating strategies and proven execution capabilities, Haitong Group has become a leading player in securities and futures brokerage, investment banking and other traditional businesses in the PRC, which have experienced steady growth in recent years.

Haitong Group has also successfully established its position in the development of new businesses in the PRC securities industry. Haitong Group is frequently designated by the PRC regulatory authorities as one of the first PRC securities firms to participate in pilot programmes for new securities products and services, such as stock pledge financing, stock repo trading and OTC products.

Shareholding Structure

As at the date of this Prospectus, Shanghai Guosheng Group and its wholly owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold a total of 1,356.327.5 million A shares and H shares of the Guarantor, representing 10.38 per cent. of its total share capital.

Shareholdings of the top ten Shareholders

Name of shareholders (Full name)	**Number of shares held at the end of the reporting period**	**(%)**	**Number of shares held subject to selling restrictions**	**Status of shares pledged, marked of frozen**	**Number of shares pledged, marked of frozen**	**Nature of Shareholders**
Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited")	3,408,837,095	26.09	0	Unknown	-	Foreign legal person

Shanghai Guosheng (Group) Co., Ltd.	862,489,059	6.60	781,250,000	Nil	0	State-Owned legal person
Shanghai Haiyan Investment Management Company Limited	635,084,623	4.86	234,375,000	Nil	0	State-Owned legal person
Bright Food (Group) Co., Ltd.	441,577,200	3.38	78,125,000	Nil	0	State-Owned legal person
Shenergy Group Company Limited	296,175,186	2.27	0	Nil	0	State-Owned legal person
Shanghai Electric (Group) Corporation	280,136,018	2.14	78,203,125	Nil	0	State
China Securities Finance Corporation Limited	258,104,024	1.98	0	Nil	0	Other
Shanghai Guosheng Group Assets Co., Ltd.	238,382,008	1.82	0	Nil	0	State-Owned legal person
Shanghai Jiushi (Group) Co., Ltd.	235,247,280	1.80	0	Nil	0	State-Owned legal person
Shanghai Bailian Group Co., Ltd.	214,471,652	1.64	0	Nil	0	State-Owned legal person

Shareholdings of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of circulating Shares held not subject to selling restrictions	Type of shares	Number of Shares
HKSCC Nominees Limited	3,408,837,095	Overseas listed foreign shares	3,408,837,095
Shanghai Haiyan Investment Management Company Limited	400,709.623	RMB denominated ordinary shares	400,709,623
Bright Food（Group）Co.，Ltd.	363,452,200	RMB denominated ordinary shares	363,452,200
Shenergy Group Company Limited	296,175,186	RMB denominated ordinary shares	296,175,186
China Securities Finance Corporation Limited	258,104,024	RMB denominated ordinary shares	258,104,024
Shanghai Guosheng Group Assets Co., Ltd.	238,382,008	RMB denominated ordinary shares	238,382,008
Shanghai Jushi (Group) Co.，Ltd.	235,247,280	RMB denominated ordinary shares	235,247,280
Shanghai Bailian Group Co.，Ltd.	214,471,652	RMB denominated ordinary shares	214,471,652
Shanghai Electric (Group) Corporation	201,932,893	RMB denominated ordinary shares	201,932,893
China Construction Bank Corporation-Guotai CSI	189,615,647	RMB denominated ordinary shares	189,615,647
All Share Securities Company Trading Index Securities Investment Open-ended Fund			
Particulars of the repurchase accounts for the top ten shareholders	N/A		
Explanations on related relationships or concerted action among the above shareholders	Shanghai Guosheng Group Assets Co., Ltd. is a wholly owned subsidiary of Shanghai Guosheng (Group) Co., Ltd. Moreover, the Company is not aware of any related relationship among other shareholders or whether they are parties acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies (上市公司收購管理辦法).		
Explanation on the top ten shareholders and the top ten shareholders not subject to selling restrictions participating in margin financing and securities lending and refinancing businesses (if any)	There are no margin financing issues among the top ten shareholders of the Company, and the Company does not know whether there are securities lending and refinancing securities issues among the top ten shareholders of the Company.		

1. The nature of shareholders of RMB denominated ordinary shares (A Shares) represents that of accounts registered by such shareholders in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

2. In the table above, overseas listed foreign shares are H shares. Among the shareholder's H shares of the Guarantor, HKSCC Nominees Limited held the H shares on behalf of non-registered shareholders.

3. As at the date of this Prospectus, Shanghai Guosheng Group and its wholly owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold a total of 1,356.3275 million A shares and H shares of the Guarantor, representing 10.38 per cent. of its total share capital; Shanghai Electric (Group) Corporation holds a total of 480,298.9 thousand A Shares and H Shares of the Guarantor, representing 3.68 per cent. of its total share capital.

4. As the Guarantor's shares are subject to margin financing and securities lending, the number of shares held by a shareholder is calculated based on the aggregated number of shares and interests held by such shareholder through ordinary securities accounts and credit securities accounts.

Number of shares held by the top ten shareholders subject to selling restrictions

No.	Name of shareholders subject to selling restrictions	Number of shares held subject to selling restrictions	Available listed trading shares	Number of newly listed trading shares	Selling Restrictions
1	Shanghai Guosheng (group) Co., Ltd	781,250,000	5 August 2024		Lock up period of 48 months
2	Shanghai Haiyan Investment Management Company Limited	234,375,500	7 February 2022		Lock up period of 18 months
3	Shanghai Electric (group) Corporation	78,203,125	7 February 2022		Lock up period of 18 months
4	Bright Food (group) Co., Ltd	78,125,000	7 February 2022		Lock up period of 18 months

On 5 August 2020, following the completion of the non-public issuance of 1,562,500,000 RMB denominated ordinary shares (A shares) to 13 specific target subscribers (including Shanghai Guosheng Group) by the Guarantor, the Guarantor's total number of shares has increased from 11,501,700,000 to 13,064,200,000, of which the number of H shares remained at 3,409,568,820 and the number of A shares increased from 8,092,131,180 to 9,654,631,180. Upon the completion of the issuance of new A shares, the number of circulating shares of the Guarantor not subject to selling restrictions was 11,501,700,000 and the number of circulating shares subject to selling restrictions was 1,562,500,000 (all are A shares of this non-public issuance). The restricted period for part of the restricted shares under Guarantor's the non-public issuance has expired, having been released on 5 February 2021. For details, please refer to the overseas regulatory announcement of the Guarantor dated 29 January 2021 on eligibility for trading of restricted shares under the non-public issuance. As at the end of the reporting period, out of the Guarantor's total number of shares, the number of circulating shares not subject to selling restrictions was 11,892,246,875 and the number of circulating shares subject to selling restrictions was 1,171,953,125.

Substantial shareholders and other persons' interests and short positions in the shares and underlying shares

As at 30 June 2021, to the best of the directors' knowledge, having made all reasonable enquiries, the following parties (other than the directors, supervisors and chief executive officer of the Guarantor) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Guarantor under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Guarantor according to Section 336 of the SFO:

No.	Name of substantial shareholders	Type of share	Nature of interests	Number of shares held (shares)	Percentage of total issued shares of the company	Percentage of total issued A Shares/H Shares of the company	Long position (note2)/short position (note3)/ interests in lending pool
1	Maunakai Capital Partners (Hong Kong) Limited	H Shares	Investment manager	272,590,000	2.09	7.99	Long position
2	BSA Strategic Fund I	H Shares	Beneficial owner	272,590,000	2.09	7.99	Long position
3	Shi Jing	H Shares	Founder of discretionary trust	228,000,000	1.75	6.69	Long position
4	Wickhams Cay Trust Company	H Shares	Trustee	228,000,000	1.75	6.69	Long position
5	Abhaya Limited	H Shares	Interest in controlled corporation	228,000,000	1.75	6.69	Long position
6	Heyday Trend Limited	H Shares	Beneficial owner	228,000,000	1.75	6.69	Long position
7	Shanghai Guosheng (group) Co.Ltd	H Shares	Beneficial owner	241,206,000	1.85	7.07	Long position
		A Shares	Beneficial owner	1,100,871,067	8.43	7.07	Long position

8	Shanghai Electric (group) Corporation	H Shares	Beneficial owner	170,658,800	1.31	5.01	Long position
9	China National Tobacco	A Shares	Beneficial owner	635,084,623	4.86	6.58	Long position

1. Heyday Trend Limited holds 228,000,000 H shares of the Guarantor. Abhaya Limited holds 228,000,000 H shares of the Guarantor through its wholly owned company Heyday Trend Limited. Abhaya Limited is wholly owned by Wickhams Cay Trust Company Limited. Shi Yuzhu is a director of Abhaya Limited and other directors in Abhaya Limited are used to taking orders from Shi Yuzhu. Therefore, Wickhams Cay Trust Company Limited and Shi Yuzhu are deemed to have interest in the 228,000,000 H shares held by Abhaya Limited.
2. A shareholder has a "long position" if it has an interest in shares, including interests through holding, selling or issuing of financial instruments (including derivatives), under which: (i) such shareholder has a right to purchase the underlying shares; (ii) such shareholder is under an obligation to purchase the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares increases.
3. A shareholder has a "short position" if it borrows shares under a securities borrowing and lending agreement, or holds, sells or issues financial instruments (including derivatives) under which: (i) such shareholder has a right to require another person to subscribe the underlying shares; (ii) such shareholder is under an obligation to deliver the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares declines; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares declines.
4. For the avoidance of doubt, as the scope of the abovementioned interest disclosure is not limited to the actual shares held by the relevant shareholders, there may be a difference between the number and percentage of shares held by the relevant shareholders shown in this table and the number and percentage of shares beneficially held by the relevant shareholders disclosed in other parts of the interim report.

Save as disclosed above, as at 30 June 2021 the Guarantor was not aware of any other person (other than its directors, supervisors and chief executive officer) having any interests or short positions in its shares or underlying shares, which are required to be recorded in the register pursuant to Section 336 of the SFO.

Directors, supervisors and chief executive officer's interests and short positions in the shares, underlying shares or debentures of the Guarantor and its associated corporations

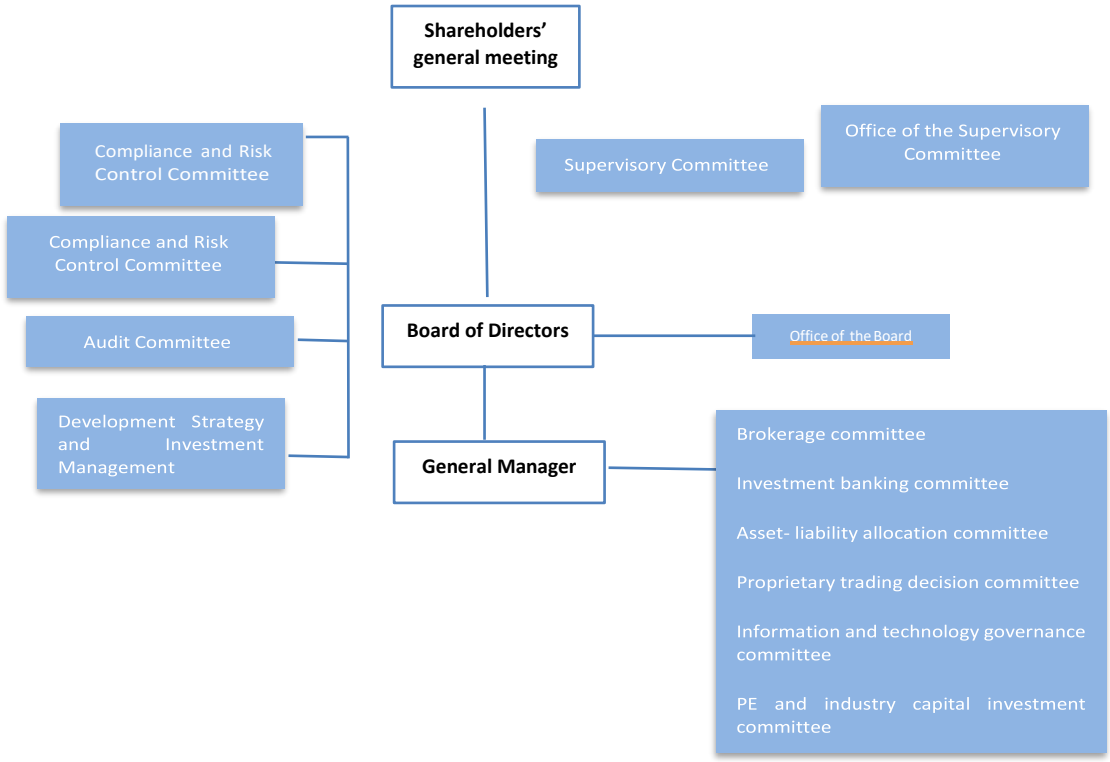
As at 30 June 2021, according to the information obtained by the Guarantor and so far as the directors are aware, none of the director), supervisors and chief executive officer of the Guarantor had any interests or short positions in the shares, underlying shares and debentures of the Guarantor or its associated corporations (as defined under Part XV of the SFO), which would be notified to the Guarantor and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are

taken or deemed to have been taken under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or, pursuant to the model code, to be notified to the Guarantor and the HKSE.

There are no specific mechanisms in place to ensure that exercise of control over the Guarantor is not abused.

Organisational Structure

The diagram below sets out the simplified structure of Haitong Group as at 30 June 2021:




OPERATING DEPARTMENTS
Investment banking headquarter
Shenzhen Investment banking department
Beijing Investment banking department
Bond financing headquarter
Shenzhen bond financing department
Shanghai bond financing department
Beijing bond financing department
M&S financing department
NEEQ and Structural financing department
Institutional and International business department
Equity investment trading department
Fixed income department
Research department
Securities finance department
OTC department
Corporate finance department
Fund custody department
FUNCTIONAL MANAGEMENT DEPARTMENTS
General manager office
Strategic development department
Human resources department
Party-masses relationship department
Discipline Inspection and Supervision Office
Compliance and legal department
Risk management department
Investment banking internal review department
Audit department
Finance and accounting department
Capital management headquarter
Operating center
Retail business and internet finance department
IT management department
Beijing office
Labour union office
Infrastructure management office
BRANCHES
Shanghai Pilot Free Trade Zone Branch
Shanghai branch
Heilongjiang branch
Beijing branch
Jiangsu branch
Gansu branch
Zhejiang branch
Shenzhen branch
Guangdong branch
Hubei branch
Anhui branch
Shandong branch
Jiangxi branch
Shanxi branch
Jilin branch
Yunnan branch
Guizhou branch
Henan branch
Sichuan branch
Liaoning branch
Fujian branch
Hunan branch
Hebei branch
Shaanxi branch
Guangxi branch
Hainan branch
Xinjiang branch
HOLDING COMPANIES OF JOINT STOCK COMPANIES
Haitong International Holdings Limited
Haitong Capital Co., Ltd.
Haitong Futures Co., Ltd.
Haitong-Fortis Private Equity Fund Management Co., Ltd.
HFT Investment Management Co., Ltd.
Fullgoal Fund Management Co., Ltd.
Shanghai Haitong Securities Asset Management Company Ltd.
Haitong Innovation Securities Investment Co., Ltd.
Shanghai Weitai Properties Management Co., Ltd.
Business departments

Ratings

The Guarantor has been assigned a corporate credit rating of "BBB" with stable outlook by S&P Global Ratings.

Business and Operations

The business scope of the Guarantor includes securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment consulting, financial advisory services relating to securities trading and investment activities, direct investment, securities investment fund consignment, provision of intermediary introduction business for futures companies, margin financing and securities lending, agency sale of financial products, stock options market making, and other businesses approved by the CSRC. In addition, the Guarantor is permitted to set up subsidiaries engaged in outbound investments, including investments in financial products (projects legally subject to approval laws shall only be conducted following the obtainment of such approval from the relevant authorities).

Main Business Areas

The Guarantor's main business lines are wealth management, investment banking, asset management, trading and institutional client services, and financial leasing.

Wealth management

Mainly refers to the provision of comprehensive financial services and investment solutions to retail and high-net-worth customers, including securities and futures brokerage services, investment advisory services, financial planning services, and financing business services such as margin financing, securities lending and stock pledge.

Investment banking

Mainly refers to the provision of sponsorship and underwriting services for corporate and government customers with regard to financing activities in both equity capital markets and debt capital markets, the provision of financial advisory services to corporate customers with regard to mergers and acquisitions, as well as asset restructurings, and the provision of National Equities Exchange And Quotations ("**NEEQ**") services. Based on the nature of the business, the Guarantor's investment banking business is further categorised into the following segments: equity financing business, debt financing business, mergers and acquisitions financing business, NEEQ and structural financing business. The Guarantor strives to provide its customers with one stop onshore and offshore investment banking services.

Asset management

Mainly refers to the provision of comprehensive investment management services on diversified products to individuals, corporations and institutional clients, including asset management, fund management, and public and private equity investment services. HT Asset Management carries out targeted asset management, collective asset management, specialised asset management, qualified domestic

institutional investor ("**QDII**") business, and innovative business. The main businesses of HFT Investment include the management of mutual funds (including QDII), asset management for corporate annuities, the National Council for Social Security Fund of the PRC ("**NSSF**") and specific customers, providing professional fund investment financing services to investors. The Guarantor also operates several professional investment management platforms for its private equity investment business, which provides services such as the management of industrial investment funds, investment consultation, promotion and establishment of investment funds, etc.

Trading and institutional client services

Mainly refers to the provision of stock sale and trading, prime brokerage, stock borrowing and lending and stock research services in major global financial markets for global institutional investors, as well as the issuance and market making services for various financial instruments such as fixed income products, currency and commodity products, futures and options, exchange traded funds and derivatives. The Guarantor fosters and builds on synergies among business segments through investment funds and private equity projects and focuses on exploring investment opportunities with reasonable capital returns, and further expanding its client relationships and promoting the overall growth of its business.

Financial leasing

Mainly refers to the provision of innovative financial services and solutions to individuals, enterprises and governments, including financial leasing, operating leasing, factoring, entrusted loans and relevant advisory services. The Guarantor's leasing businesses are mainly operated by Haitong UniTrust. Haitong UniTrust currently operates in a wide range of sectors, including infrastructure, transportation & logistics, industrials, education, health care, construction & real estate and the chemical industry, etc. Haitong UniTrust leverages on its extensive industrial experience and market channels and works with renowned domestic and overseas equipment manufacturers to provide comprehensive financing solutions and services promoting its clients' business development. In the past two years, Haitong UniTrust has developed initiatives exploring the business model of securities firm-affiliated financial leasing and has launched a diversified product portfolio that integrates equity investment with debt investment to provide more innovative structured financing solutions to clients.

Administrative, Management and Supervisory Bodies

The Guarantor's corporate structure is composed of a General Meeting, the Board of Directors, a Supervisory Committee and Management. The members of the corporate bodies are elected for three-year terms and may be re-elected one or more times.

The composition of the Guarantor's administrative, management and supervisory bodies, for the 2019-2022 term of office is:

Board of Directors

Chair of the Board of Directors	Zhou Jie
Members	Yu Liping
	Xu Jianguo
	Ren Peng
	Tu Xuanxuan
	Zhou Donghui
	Li Jun
	Zhang Ming
	Lam Lee G.
	Zhu Hongchao
	Zhou Yu

Supervisory Committee

Members	Shi Xu
	Wu Xiangyang
	Ruan Feng
	Li Zhenghao
	Cao Yijian
	Dong Xiaochun
	Dai Li
	Zhao Yonggang

Auditor

The entity responsible for auditing the Guarantor's accounts is PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), registered at the Ministry of Finance of the PRC and represented by Li Dan, with professional domicile at 11/F, PwC Center, Link Square 2, No. 202 Hubin Road, Huangpu District, Shanghai, PRC.

Executive Committee

Chief Executive Officer	Li Jun
Members	Zhang Ming
	Zhu Hongchao
	Zhou Jie
	Xu Jianguo
	Lam Lee G.
	Yu Liping
	Tu Xuanxuan
	Ren Peng
	Zhou Donghui

The professional domicile of the members of the administrative and supervisory bodies of Haitong Securities is Haitong Securities' registered office at 12/F, Haitong Securities Building, No. 689 Guangdong Road, Shanghai.

Board of Directors members' relevant activities outside the Haitong Group

- **Zhou Jie**:
  - Director of Semiconductor Manufacturing International Corporation.
- **Ren Peng**:
  - Director of China-Belgium Direct Equity Investment Fund.
- **Tu Xuanxuan**:
  - General Manager of the Capital Operation Department of Shanghai Guosheng (Group) Co., Ltd.;
  - Director of Arcplus Group PLC;
  - Director of Shanghai Lingang Economic Development (Group) Co., Ltd..
- **Zhou Donghui**:
  - General Manager of Shanghai Haiyan Investment Management Company Limited;
  - Vice-Chairman of the Board, Director of Shanghai Tobacco Machinery Co., Ltd.;
  - Director of Shanghai Gaoyang International Tobacco Co., Ltd.;
  - Director of Yangpu Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
  - Director of Minxing Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
  - Director of Baoshan Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
  - Director of Pudong Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;

- Director of Songjiang Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
- Director of Qingpu Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
- Director of Chongming Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
- Vice-Chairman of the Board, Director of Shanghai Jieqiang Sugar & Wine (Group) Co.,Ltd.;
- Supervisor of China Hangfa Commercial Aviation Engine Co., Ltd.;
- Vice-Chairman of the Board, Director of Shanghai Deqiang Industrial Co., Ltd.;
- Director of Shanghai Wangbaohe Hotel Co., Ltd.;
- Director of Shanghai Tobacco Group Real Estate Development and Operation Co., Ltd.;
- Director of Shanghai Haiyan Tobacco, Sugar & Wine Co., Ltd.;
- Director of Suzhou Zhonghuayuan Hotel Co., Ltd. of Shanghai Tobacco Group;
- Director of China Tobacco Shanghai Import and Export Co., Ltd.;
- Director of hui Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
- Director of Hongkou Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
- Supervisor of Zhongwei Capital Holding Co., Ltd.;
- Director of Shenzhen New Tobacco Products Co., Ltd.;
- Director of Shanghai Baiyulan Tobacco Material Co., Ltd.;
- Director of Huangpu Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group;
- Director of Orient Securities Company Limited;
- Director of China Pacific Insurance (Group) Co., Ltd.

– **Yu Liping**:

- Vice-President of Bright Food (Group) Co., Ltd.;
- Director of Shanghai Hongqiao International Commodity Import, Sales and Exhibition Co., Ltd.

– **Xu Jiangguo**:

- Head of the financial budget department of Shanghai Electric (Group) Corporation;
- Director of Shanghai Electric Group Finance Co., Ltd.;
- Director of Shanghai Life Insurance Company Ltd.;
- Director of Orient Securities Company Limited;
- Director of Shanghai Micro Electronics Equipment Co., Ltd.;
- Chairman of the Supervisory Committee Shanghai Highly (Group) Co., Ltd.;
- Chairman of the Board of Shanghai Haiya Industrial Company Limited;
- Chairman of the Board of Shanghai Kaihai Industrial Company Limited;
- Director of Shanghai Electric Group Hong Kong Limited;
- Director of Shanghai Electric (Group) Corporation Heng Lian Enterprise Development Limited;
- Director of Tianjin Pipe (Group) Corporation;

- Director of Orient Securities Company Limited.

– **Zhang Ming**:

- Professor at School of Accountancy of Shanghai University of Finance and Economics;
- Independent Director of Shanghai Pudong Development Bank Co., Ltd.;
- Independent Director of National Silicon Industry Group Co., Ltd.;
- Independent Director of Wuxi Zhenhua Automobile Parts Co., Ltd.;
- Director of Shanghai Shensi Enterprise Development Co., Ltd.;
- Independent Director of Wuxi Commercial Mansion Grand Orient Co., Ltd;

– **Lam Lee G**:

- Non-executive Chairman for the ASEAN region of Macquarie Infrastructure and Tangible Assets (Hong Kong) Limited .;
- Senior associate at P.C. Woo & Co.;
- Independent Director of CSI Properties Limited;
- Independent Director of Vongroup Limited;
- Director of Sunwah Kingsway Capital Holdings Limited;
- Independent Director of Top Global Limited;
- Independent Director of Sunwah International Limited;
- Independent Director of AustChina Holdings Limited;
- Director of China LNG Group Co., Ltd.;
- Independent Director of ELife Holdings Limited;
- Director of Jade Road Investments Limited (fka: Adamas Finance Asia Limited);
- Independent Director of Asia-Pacific Strategic Investments Limited (fka: China Real Estate Grp Ltd.);
- Independent Director of Hang Pin Living Technology Company Limited;
- Independent Director of Kidsland International Holdings Limited;
- Independent Director of Mei Ah Entertainment Group Ltd.;
- Director of National Arts Entertainment and Culture Group Ltd.;
- Independent Director of China Medical (International) Group Limited;
- Director of Tianda Pharmaceuticals Ltd.;
- Independent Director of Aurum Pacific (China) Group Limited;
- Independent Director of Thomson Medical Group Limited;
- Independent Director of TMC Life Sciences Berhad;
- Independent Director of Alset International Limited;
- Independent Director of Greenland Hong Kong Holdings Limit;
- Director of Mingfa Group (International) Company Limited;
- Director of China Shandong Hi-Speed Financial Group Limited;
- Director of Singapore Development Ltd.;

- Independent Director of Mingfa Group (International) Company Limited;
- Independent Director of Huarong Investment Stock Corporation Limited.

– **Zhu Hongchao**:
  - Director/senior partner at Shanghai United Law Firm;
  - Supervisor of Fu Shun Kai De International Enterprise Management Advisory (Beijing) Co., Ltd.;
  - Director of Caitong Fund Management Co., Ltd.;
  - Independent Director of Jupai Holdings Limited;
  - Independent Director of Leju Holdings Limited;
  - Independent Director of E-House (China) Enterprise Holdings Limited;
  - Independent Director of Shanghai Hysea Industrial Communications Co., Ltd.;
  - Director of Sciences Group Co., Ltd.;
  - Independent Director of Sansheng Holdings (Group) Co. Ltd.;
  - Independent Director of Chiho Environmental Group Limited.

– **Zhou Yu**:
  - Professor at Shanghai Academy of Social Sciences;
  - Director of the International Finance Monetary Research Centre;
  - Director of the International Finance Research Institution of the Institute of World Economy at Shanghai Academy of Social Sciences.

Conflict of Interest

To the best of the Guarantor's knowledge there are no potential conflicts of interests between the duties of any member of the management and supervisory bodies towards the Guarantor and his/her personal interests and duties which have not been identified and adequately disclosed and settled.

Recent Developments

There are no recent developments that may impact on the Guarantor's activity. The Guarantor is also unaware of any trends, uncertainties, demands, commitments or events reasonably likely to have a material effect on its prospects for at least the current financial year.

Main legislation regulating the activity of the Guarantor

The main legislation regulating the activity of the Guarantor is outlined in section 12 (*PRC Regulations*).

10. RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

The form and content of the Prospectus complies with the terms set forth in the Portuguese Securities Code, the Prospectus Regulation, Delegated Regulation 2019/980, as well as other applicable laws and regulations.

The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Issuer is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

10.1. Identification of the entities responsible for the information in the Prospectus

The persons and entities listed below are responsible for the information contained in this Prospectus, which is complete, true, up to date, clear, objective and lawful as at the date of this Prospectus, in the terms and subject to the exceptions referred to in Articles 149, 150 and 243 of the Portuguese Securities Code and Article 11 of the Prospectus Regulation.

For the avoidance of doubt, those persons for which no specific position is identified have acted as members of the relevant management or supervisory body of the Issuer.

10.1.1. The Issuer

- Haitong Bank, a credit institution (*instituição de crédito*) incorporated under the laws of Portugal, with registered office at Rua Alexandre Herculano, 38, 1269-180 Lisboa, Portugal, with a share capital of €844,769,000.00 and registered with the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 501 385 932.

10.1.2. Members of the Board of Directors in office at the date of this Prospectus, at the time of the Unaudited Interim Financial Statements of the Issuer and at the time of the approval of the Annual Audited Consolidated Financial Statements of the Issuer

- Lin Yong (Chairperson)
- Wu Min (CEO)
- Alan do Amaral Fernandes
- José Miguel Aleixo Nunes Guiomar
- Nuno Miguel Sousa Figueiredo Carvalho
- Vasco Câmara Pires dos Santos Martins
- António Domingues
- Ana Martina Garcia Raoul-Jourde
- Pan Guangtao

- Paulo José Lameiras Martins
- Vincent Marie L. Camerlynck
- Xinjun Zhang

10.1.3. Members of the Statutory Audit Board in office at the date of this Prospectus, at the time of the approval of the Unaudited Interim Financial Statements of the Issuer and at the time of the approval of the Annual Audited Consolidated Financial Statements of the Issuer

- Maria do Rosário Mayoral Robles Machado Simões Ventura (Chairperson)
- Mário Paulo Bettencourt de Oliveira
- Cristina Maria da Costa Pinto
- Paulo Ribeiro Silva (Substitute)

10.1.4. Statutory External Auditor in office at the date of this Prospectus

- Deloitte, represented by João Carlos Henriques Gomes Ferreira, who is registered with the Portuguese Institute of Chartered Accountants (*Ordem dos Revisores Oficiais de Contas*) under no. 43 and with the CMVM under no. 20161389.

10.2. Relevant legal provisions regarding responsibility for the information contained in the Prospectus

Under the terms of Article 149(3) of the Portuguese Securities Code, applicable *ex vi* Article 243 of the Portuguese Securities Code, the liability of the persons referred to in section 10.1. (*Identification of the entities responsible for the information in the Prospectus*) is excluded when they can prove that the addressee knew or should have known about the irregularity in the contents of the Prospectus on the date the declaration was issued or when the withdrawal of such declaration was still possible.

Under the terms of Article 149(4) of the Portuguese Securities Code, applicable *ex vi* Article 243 of the Portuguese Securities Code, and Article 11(2) of the Prospectus Regulation, liability is further excluded whenever the damages in question result solely from the Prospectus summary, or any translation thereof, unless the summary, when read together with other parts of the Prospectus, contains misleading, inaccurate or inconsistent references or does not provide key information necessary for investors to determine whether and when to invest in the relevant securities. Under the terms of Article 149(2) of the Portuguese Securities Code, applicable *ex vi* Article 243 of the Portuguese Securities Code, any fault is judged according to the highest standards of professional diligence.

Under the terms set forth in Article 150(a) and 150(b) of the Portuguese Securities Code, applicable *ex vi* Article 243 of the Portuguese Securities Code, and regarding this Prospectus, the Issuer shall be liable regardless of fault in the event of liability of its Board of Directors, sole auditor, Statutory Audit Board

and/or Statutory External Auditor or of other persons who have certified or otherwise assessed the financial statements on which this Prospectus is based.

Under Article 243(b) of the Portuguese Securities Code, the right to compensation should be exercised within six months after becoming aware of the unconformity of the Prospectus or of its amendment and will cease, in any case, two years after the date of publication of this Prospectus or the date of publication of the supplement containing the deficient information or statement.

10.3. Responsibility Statements

The persons and entities mentioned in sections 10.1.1. to 10.1.4. above state that, to the best of their knowledge, after carrying out all reasonable diligence to attest such statement, the information contained in this Prospectus, or in the sections for which each entity is responsible in accordance with the applicable legal provisions, is in accordance with the facts, there being no omissions likely to affect its import.

11. SELECTED CONSOLIDATED FINANCIAL STATEMENTS

11.1. Selected Consolidated Financial Statements of the Issuer

The following tables set forth selected historical consolidated financial information derived from the Annual Audited Consolidated Financial Statements of the Issuer and from the Unaudited Interim Financial Statements of the Issuer and are presented in € and included elsewhere in this Prospectus. See "*Presentation of Financial and Other Information*" in section 1 (*Introductions and Warnings*).

Prospective investors should read the following summary consolidated financial and other information in conjunction with the information contained in the Annual Audited Consolidated Financial Statements of the Issuer and in the Unaudited Interim Financial Statements of the Issuer and the related notes thereto.

Consolidated Income Statement

(Amounts in thousand euros)	**For the six months ended**		**For the year ended**	
	30-Jun-2021	**30-Jun-2020**	**31-Dec-2020**	**31-Dec-2019**
	(unaudited)		*(audited)*	
Financial margin	15,357	12,082	26,675	32,083
Operating Income	44,110	24,353	81,927	108,385
Operating expenses	37,750	35,103	70,601	95,591
Profit / (Loss) before Income Tax	6,360	(10,699)	10,947	12,594
Net profit of continued operations	3,209	(11,525)	2,357	1,588
Net Profit / (Loss) for the year	3,209	(11,525)	2,357	7,879
Attributable to shareholders of the parent company	2,292	(11,738)	1,641	7,508
Attributable to non-controlling interests	917	213	716	371
	3,209	**(11,525)**	**2,357**	**7,879**

Consolidated Balance Sheet

(Amounts in thousand euros)	As at 30 June 2021	As at 31-Dec-2020	31-Dec-2019
	(unaudited)	*(audited)*	
ASSETS			
Cash and cash equivalents	442,348	494,885	637,829
Financial assets at fair value through profit or loss	734,511	805,416	623,801
Financial assets at fair value through other comprehensive income	252,773	160,756	177,187
Financial assets measured at amortised cost	1,058,146	996,653	795,839
Hedging derivatives	-	151	-
Non-current assets held-for-sale	2,199	1,699	2,244
Other tangible assets	9,660	10,593	12,777
Intangible assets	3,847	4,658	6,967
Investments in associated companies	-	-	15
Tax assets	119,890	118,189	156,702
Other assets	209,295	208,414	193,549
TOTAL ASSETS	**2,832,669**	**2,801,414**	**2,606,910**
LIABILITIES			
Financial liabilities held for trading	97,896	221,787	281,660
Financial liabilities measured at amortised cost	1,995,524	1,870,363	1,540,734
Hedging derivatives	-	-	300
Provisions	20,704	20,923	21,309
Tax liabilities	7,477	6,519	7,988
Other liabilities	94,582	83,733	139,377
TOTAL LIABILITIES	**2,216,183**	**2,203,325**	**1,991,368**
EQUITY			
Share capital	844,769	844,769	844,769
Share premium	8,796	8,796	8,796
Other equity instruments	108,773	108,773	108,773
Fair-value reserves	571	(1,391)	468
Other reserves and retained earnings	(369,817)	(383,292)	(380,914)
Net profit/(loss) for the year attributable shareholders of the parent company	2,292	1,641	7,508
Total equity attributable to the shareholders of the parent company	**595,384**	**579,296**	**589,400**
Non-controlling interests	21,102	18,793	26,142
TOTAL EQUITY	**616,486**	**598,089**	**615,542**
TOTAL EQUITY AND TOTAL LIABILITIES	**2,832,669**	**2,801,414**	**2,606,910**

11.2. Selected Consolidated Financial Statements of the Guarantor

The following tables set forth selected historical consolidated financial information derived from the Annual Audited Consolidated Financial Statements of the Guarantor and from the Unaudited Interim Financial Statements of the Guarantor and are presented in € and included elsewhere in this Prospectus. See "*Presentation of Financial and Other Information*" in section 1 (*Introductions and Warnings*).

Prospective investors should read the following summary consolidated financial and other information in conjunction with the information contained in the Annual Audited Consolidated Financial Statements of the Guarantor and in the Unaudited Interim Financial Statements of the Guarantor and the related notes thereto.

The figures in the following tables outlining the selected historical consolidated financial information of the Guarantor were converted from RMB to euro at the following exchange rates:

31 December 2019: €1 = RMB 7.8205

30 June 2020: €1 = RMB 7.9219

31 December 2020: €1 = RMB 8.0225

30 June 2021: €1 = RMB 7.6742

Consolidated Income Statement

(Amounts in thousand euros)	**For the six months ended**		**For the year ended**	
	30-Jun-2021	**30-Jun-2020**	**31-Dec-2020**	**31-Dec-2019**
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Revenue	3,282,619.82	2,800,790.97	5,780,394.52	5,403,968.29
Other income and gains	727,403.38	478,490.26	985,227.17	1,187,951.92
Total revenue, gains and other income	4,010,023.19	3,279,281.23	6,765,621.69	6,591,920.21
Depreciation and amortisation	(103,259.88)	(77,525.47)	(170,007.11)	(144,245.00)
Staff costs	(560,200.28)	(372,924.17)	(954,401.00)	(935,154.91)
Commission and fee expenses	(256,198.82)	(205,731.20)	(440,668.87)	(345,106.32)
Interest expenses	(769,989.05)	(855,917.14)	(1,622,719.98)	(1,794,681.41)
Impairment losses under expected credit loss model	(133,533.79)	(366,108.00)	(571,670.30)	(364,095.65)
Impairment losses on other assets	(5,744.31)	(1,320.01)	(1,361.55)	(2,103.06)
Other expenses	(743,005.13)	(446,037.69)	(1,108,340.04)	(1,251,879.16)
Total expenses	(2,571,931.28)	(2,325,563.69)	(4,869,168.84)	(4,837,265.52)
Share of results of associates and joint ventures	81,408.49	33,354.75	67,686.76	19,134.84
Profit before income tax	1,519,500.40	987,072.29	1,964,139.61	1,773,789.53
Income tax expense	(361,237.65)	(242,117.04)	(463,705.95)	(425,964.84)
Profit for the period	1,158,262.75	744,955.25	1,500,433.66	1,347,824.69
Attributable to:				
Shareholders of the Company	1,064,631.49	692,156.17	1,355,611.84	1,217,728.79
Non-controlling interests	93,631.26	52,799.08	144,821.81	130,095.90
Profit for the period	1,158,262.75	744,955.25	1,500,433.66	1,347,824.69
Total Comprehensive income for the period	1,113,074.20	706,062.43	1,395,955.13	1,432,230.55
Attributable to:				
Shareholders of the company	1,039,225.59	627,138.94	1,382,479.53	1,260,621.70

(Amounts in thousand euros)	For the six months ended		For the year ended	
	30-Jun-2021	30-Jun-2020	31-Dec-2020	31-Dec-2019
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Non-controlling interests	73,848.61	78,923.49	13,475.60	171,608.85
Total comprehensive income for the period attributable to shareholders of the company arise from:	1,039,225.59	627,138.94	1,395,955.13	1,432,230.55
Continuing operations	1,039,221.42	627,247.38	1,399,387.22	1,434,521.71
Discontinued operations	4.17	(108.43)	(3,432.10)	(2,291.16)

Consolidated Balance Sheet

(Amounts in thousand euros)	As at	As at	
	30 June 2021	31-Dec-2020	31-Dec-2019
	(unaudited)	*(audited)*	*(audited)*
ASSETS			
Total non-current assets	**17,375,562.93**	**17,229,194.02**	**17,312,287.32**
Total current assets	**76,848,231.22**	**69,286,649.05**	**64,113,917.01**
TOTAL ASSETS	**94,223,794.14**	**86,515,843.07**	**81,426,204.33**
Liabilities			
Total current liabilities	**47,812,759.90**	**44,491,909.75**	**45,457,102.61**
Net current assets	29,035,471.32	24,794,739.30	18,656,814.40
Total assets less current liabilities	46,411,034.24	42,023,933.31	35,969,101.72
Total non-current liabilities	**23,829,749.03**	**21,067,085.45**	**17,924,380.41**
TOTAL LIABILITIES	**71,642,508.93**	**65,558,995.20**	**63,381,483.03**
EQUITY			
Share capital	1,702,353.34	1,628,445.00	1,470,711.59
Capital reserve	9,761,354.67	9,334,781.43	7,227,958.19
Revaluation reserve	17,025.75	35,198.25	14,577.97
Translation reserve	(130,078.71)	(116,291.43)	(128,240.52)
General reserves	3,260,129.79	3,106,781.68	2,824,940.48
Retained earnings	6,000,956.45	5,138,348.15	4,713,189.31
Equity attributable to Shareholders of the company	20,611,741.29	19,127,263.07	16,123,137.01
Non-controlling interests	1,969,543.93	1,829,584.79	1,921,584.30
TOTAL EQUITY	**22,581,285.22**	**20,956,847.87**	**18,044,721.31**
TOTAL EQUITY AND TOTAL LIABILITIES	**94,223,794.14**	**86,515,843.07**	**81,426,204.33**

12. PRC REGULATIONS

This section is a high-level overview of the PRC legal system and a summary of the main PRC laws and regulations in connection to the Guarantee provided by the Guarantor. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations.

12.1. Major Laws and Regulations

Regulation on the Issuance of Foreign Notes

Pursuant to the NDRC Circular, which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than 1 year of tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including notes issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of issuance each time.

12.2. Regulations Regarding Overseas Investment, Financing and Acquisition Activities

NDRC Supervision

According to the Administrative Measures for the Outbound Investment by Enterprises effective from 1 March 2018, sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby shall be subject to the approval of the NDRC. Other projects shall be subject to the filing with the competent government body.

Specifically, overseas investment projects carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.$300 million shall be subject to the filing with the NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.$300 million shall be subject to filing with competent investment departments of the provincial government.

Investment projects to be carried out in Hong Kong and/or the Macau Special Administrative Region shall be governed by the Administrative Measures for the Outbound Investment by Enterprises.

According to the NDRC Circular, which was issued by the NDRC on 14 September 2015 and came into effect on the same day, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue notes outside of the PRC with a maturity of more than one year, such enterprise must in advance of issuing such notes, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue.

The NDRC Circular relates to the matters as listed below:

- remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Realise the supervision and administration of the size of foreign debts borrowed on a macro level with the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;
- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to the NDRC within 10 working days of completion of each issuance;
- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- the NDRC shall decide whether to accept the application for record-filing and registration within 5 working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises within 7 working days of accepting the application and within the limit of the total size of foreign debts;
- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, the NDRC shall make a public announcement and no longer accept applications for record-filing and registration; and
- if there is a major difference between the actual situation of the foreign debts issued by the enterprises and the situation indicated in the record-filing and registration, an explanation shall be given when reporting relevant information. The NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record-filing and registration into the national credit information platform.

12.3. Cross-Border Security Laws

On 12 May 2014, the SAFE promulgated the Circular concerning Promulgation of the Foreign Exchange Administration Rules on Cross-Border Guarantees and the Relating Implementation Guidelines (collectively, "**Circular 29**"). Circular 29, which came into force on 1 June 2014, replaced 12 other regulations regarding cross-border security and introduces a number of significant changes, including: (i) abolishing prior SAFE approval and quota requirements for cross-border security; (ii) requiring SAFE registration or filing for two specific types of cross-border security only; (iii) removing eligibility requirements for providers of cross-border security; (iv) the validity of any cross-border security

agreement is no longer subject to SAFE approval, registration, filing, and any other SAFE administrative requirements; (v) removing SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under Circular 29. Circular 29 classifies cross-border security into three types:

- Nei Bao Wai Dai ("**NBWD**"): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor.
- Wai Bao Nei Dai ("**WBND**"): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor.
- Other Types of Cross-border Security: any cross-border security/guarantee other than NBWD and WBND.

In respect of NBWD, in the case where the onshore security provider is a non-bank institution, it shall conduct a registration of the relevant security/guarantee with SAFE within 15 PRC Business Days after the execution of the deed of guarantee. In the event of changes to the major clauses of the deed of guarantee, it shall conduct a change registration for the relevant security/guarantee. According to Circular 29, the funds borrowed offshore shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without SAFE approval. According to Circular of the State Administration of Foreign Exchange on Further Advancing Foreign Exchange Administration Reform to Enhance Authenticity and Compliance Reviews issued by the SAFE on 26 January 2017, funds for overseas loans under domestic guarantees are allowed to be repatriated into the PRC for domestic use. Debtors can repatriate, directly or indirectly, the funds under guarantees for domestic use through issuing loans to or equity participation in domestic institutions. Further, according to the Policy Q&As (Issue II) on the Circular of the State Administration of Foreign Exchange on Further Advancing the Reform of Foreign Exchange Administration and Improving Examination of Authenticity and Compliance, in the case where the offshore debtor transfers the funds borrowed offshore by means of foreign loans onshore, the onshore borrower shall meet the relevant requirements for foreign debt administration and control the scale of funds repatriated according to the relevant requirements of the mode of macro-prudential management of full-covered cross-border financing or the mode required in the Administration Measures for Registration of Foreign Debts. In the case where the offshore debtor transfers the funds by means of equity investment onshore, it shall meet the requirements from the competent authorities in the area of foreign direct investment.

Upon enforcement, the onshore security provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the NBWD has been registered with SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer's equity shares must be fully or partially held directly or indirectly by the onshore security provider. Moreover, the proceeds from any such offshore bond issuance must be applied towards the offshore project(s), where an onshore entity holds equity interest, and in respect of which the related

approval, registration, record, or confirmation have been obtained from or made with the competent authorities subject to PRC laws.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes. The Guarantor's obligations in respect of the Notes are contained in the Deed of Guarantee. The Deed of Guarantee will be executed by the Guarantor on or before the Issue Date. Under Circular 29, the Deed of Guarantee does not require any pre-approval by SAFE and is binding and effective upon execution. The Guarantor is required to submit the Deed of Guarantee to the local SAFE for registration within 15 business days after its execution. The SAFE registration is merely a post signing registration requirement, which is not a condition to the effectiveness of the Guarantee of the Notes.

Under Circular 29, the local SAFE will go through a procedural review (as opposed to a substantive examination process) of the Guarantor's application for registration. Upon completion of the review, the local SAFE will issue a registration notice or record to the Guarantor to confirm the completion of the registration.

Under Circular 29:

- non-registration does not render the Guarantee of the Notes ineffective or invalid under PRC law although SAFE may impose penalties on the Guarantor if submission for registration is not carried out within the stipulated time frame of 15 business days; and
- there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor under the Guarantee of the Notes) as domestic banks require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Guarantee of the Notes itself.

The Conditions provide that the Guarantor will register, or cause to be registered, the Deed of Guarantee with SAFE within 15 PRC Business Days after the execution of the Deed of Guarantee in accordance with, and within the time period prescribed by, Circular 29 and use its best endeavours to complete the registration and obtain a registration certificate from SAFE (or any other document evidencing completion of registration issued by SAFE) on or before the date following 180 PRC Business Days after the Issue Date ("**Registration Deadline**"). If the Guarantor fails to complete the SAFE registration and provide the Agent with, among other things, the certificate confirming the completion the SAFE registration, then the Issuer shall give notice to the Noteholders in accordance with Condition 12 (*Notices*) before the Registration Deadline, and Noteholders will have a put option to require the Issuer to redeem the Notes held by them at their principal amount together with accrued interest (see Condition 6.3 (*Investor put option – redemption for Relevant Events*).

Foreign Exchange Administration

According to the Notice of the State Administration of Foreign Exchange on Further Improvements and Adjustments to Foreign Exchange Control Policies for Direct Investments (Hui Fa [2015] No. 13) and its appendix, the banks will review and carry out foreign exchange registration under overseas direct investment directly.

According to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as at 13 May 2013, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the government shall go through registration or record-filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the Issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE.

On 12 January 2017, the PBOC issued a Notice on Matters Concerning Macro-prudential Management on All-round Cross-border Financing (Yin Fa [2017] No. 9), which came into effect on the same date and established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities, using a prudent management principle on a macro nationwide scale.

12.4. Remittance of Renminbi into and outside the PRC

The RMB is not a freely convertible currency. The remittance of RMB into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. On July 2009, the PRC government promulgated Measures for the Administration of the Pilot Programme of RMB Settlement of Cross-Border Trades ("**Measures**") and its implementation rules, pursuant to which designated and eligible enterprises are allowed to settle their cross-border trade transactions in RMB. Since July 2009, subject to the Measures and its implementation rules, the PRC has commenced a scheme pursuant to which RMB may be used for settlement of cross-border trade between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of RMB Settlement of Cross-Border Trades, pursuant to which (i) the list of designated pilot districts was expanded to cover 20 provinces including Beijing, Shanghai, Tianjin,

Chongqing, Guangdong, Jiangsu, Zhejiang, Liaoning, Shandong and Sichuan, and (ii) the restriction on designated offshore districts was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use RMB to settle any current account items between them (except in the case of payments for exports of goods from the PRC, such RMB remittance may only be effected by approved pilot enterprises in 16 provinces within the designated pilot districts in the PRC). On 1 August 2011, the PRC government promulgated the Circular on the Expansion of the Regions of RMB Settlement of Cross-Border Trades, pursuant to which the list of designated pilot districts was expanded to the whole country. On 3 February 2012, the PRC government promulgated the Circular on the Relevant Issues Pertaining to Administration over Enterprises Engaging in RMB Settlement of Export of Goods, pursuant to which any enterprises in PRC which are qualified to engage in import and export trade are allowed to settle their goods export trade in RMB. On 23 March 2018, PBOC issued a Notice on Business Rules of the Cross Border Interbank Payment System. This notice regulates cross border interbank payments, clarifies management rules on participants and protects legitimate rights of operating institutions and participants of cross border interbank payment system. On 5 January 2018, the PBOC issued a Notice on Further Improving Policies of Cross-Border RMB Business to Promote Trade and Investment Facilitation (Yin Fa [2018] No. 3). The Yin Fa [2018] No. 3 provides that any cross-border transactions using a foreign exchange currency can use RMB for settlement. Domestic enterprises which issue RMB bonds abroad may, upon completing the relevant formalities in accordance with macro-prudential regulations on comprehensive cross-border financing, remit the funds raised overseas to the PRC for their use as actually needed. The RMB funds raised by domestic enterprises through issuing overseas shares may be remitted to PRC for use upon actual demands.

The Measures and the subsequent circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Measures and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities. Capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant PRC parties are also generally required to make capital account item payments including proceeds from liquidation, transfer of shares, reduction of capital and principal repayment under foreign debt to foreign investors in a foreign currency. That said, the relevant PRC authorities may approve a foreign entity to make a capital contribution or shareholder's loan to a foreign invested enterprise with RMB lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest

and principal repayment to its foreign investor outside the PRC in RMB on a trial basis. The foreign invested enterprise may also be required to complete registration and verification process with the relevant PRC authorities before such RMB remittances.

On 7 April 2011, the SAFE issued the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border RMB Capital Account Items, which clarifies, among other things, that the borrowing by an onshore entity (including a financial institution) of RMB loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantee in RMB shall in principle follow the current regulations on the provision of external guarantee in foreign currencies.

On 3 June 2011, the PBOC promulgated the Circular on Clarifying Issues concerning Cross-border RMB Settlement ("**PBOC Circular**"). The PBOC Circular provides instructions to local PBOC authorities on procedures for the approval of settlement activities for non-financial RMB foreign direct investment into the PRC. The PBOC Circular applies to all non-financial RMB foreign direct investment into the PRC, and includes investment by way of establishing a new enterprise, acquiring an onshore enterprise, transferring the shares, increasing the registered capital of an existing enterprise, or providing loan facilities in RMB. The domestic settlement banks of foreign investors or foreign invested enterprises in the PRC are required to submit written applications to the relevant local PBOC authorities which include, inter alia, requisite approval letters issued by the relevant MOFCOM authorities. The PBOC Circular only applies to cases where the receiving onshore enterprise is not a financial institution. On 13 October 2011, the PBOC issued the PBOC RMB FDI Measures, to commence the PBOC's detailed RMB FDI administration system, which covers almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as RMB denominated cross-border loans. Under the PBOC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBOC which was previously required by the PBOC Circular is no longer necessary.

On 14 June 2012, the PBOC issued the Notice on Clarifying the implementation of Settlement of Cross-Border RMB Direct Investment, which provides more detailed rules for cross-border RMB direct investments and settlements.

On 5 July 2013, PBOC promulgated the Notice on Simplifying the Procedures of Cross-border RMB Business and Improving Relevant Policies ("**PBOC Notice**"), which simplifies the operating procedures on current account cross-border RMB settlement and further publishes policies with respect to issuance of offshore RMB bonds by onshore non-financial institutions. The PBOC Notice intends to improve the efficiency of cross-border RMB settlement and facilitate the use of cross-border RMB settlement by banks and enterprises.

On 3 December 2013, MOFCOM promulgated the MOFCOM RMB FDI Circular, which has become effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory

framework. Pursuant to the MOFCOM RMB FDI Circular, the competent counterpart of MOFCOM will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM RMB FDI Circular removes the approval requirement for changes in the relevant joint venture contract or the articles of association of the joint venture company where foreign investors change the currency of its existing capital contribution from a foreign currency to RMB. In addition, the MOFCOM RMB FDI Circular also clearly prohibits the FDI funds from being used for any direct or indirect investment in securities and financial derivatives (except for strategic investment in the PRC listed companies) or for entrustment loans in the PRC. On 9 June 2016, the SAFE issued the Notice on Reforming and Streamlining the Policies of Foreign Exchange Settlement Management of Capital Account Items ("**SAFE Notice**"), which clarifies, among other things, as for foreign exchange income of capital account which implement the "at-will" foreign exchange settlement according to relevant regulations, domestic enterprises can complete the settlement in banks according to the actual operation.

As the MOFCOM RMB FDI Circular, the PBOC RMB FDI Measures and SAFE Notice are relatively new rules, they will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of RMB for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

13. TAXATION

Prospective purchasers of Notes are advised to consult their tax advisers as to the tax consequences under the tax laws of the country of which they are resident of a purchase of Notes, including, but not limited to, the consequences of receipts of interest and sale or redemption of Notes.

The following descriptions are general summaries of certain taxation matters based on applicable law and practice currently in effect in Portugal. Nothing in this section constitutes tax, legal or financial advice, and the summaries contained herein are of a general nature and do not cover all aspects of taxation in the relevant jurisdictions that may be relevant to any particular Holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications for them of an investment in the Notes.

This section summarises the Portuguese tax rules applicable to the acquisition, ownership and disposal of the Notes, in force as at the date of this Prospectus. This section does not analyse the tax implications that may indirectly arise from the decision to invest in the Notes, such as those relating to the tax framework of financing obtained to support such investment or those pertaining to the counterparties of the potential investors, regarding any transaction involving the Notes.

This section is a general summary of the relevant features of the Portuguese tax system. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular Noteholder, including tax considerations that arise from rules of general application or that are generally assumed to be known to any Noteholder. It also does not contain in-depth information about all special and exceptional regimes, which may entail tax consequences at variance with those described herewith.

The tax treatment of each type of potential investor described in each section applies exclusively to that type of potential investor. No analogy regarding the tax implications applicable to other type of potential investors should be drawn. Potential investors should seek individual advice about the implications of the acquisition, ownership and disposal of Notes, in light of their specific circumstances.

This section does not include any reference to the tax framework applicable in countries other than Portugal. The rules of a Convention to prevent Double Taxation ("**Convention**") may have a bearing on Portuguese tax implications. Furthermore, the domestic provisions of other countries may exacerbate or alleviate such implications.

The meaning of the terminology adopted in respect of every technical feature, including the qualification of the securities issued as "Notes", the classification of taxable events, the arrangements for taxation and potential tax benefits, among others, is the one in force in Portugal as at the date of this Prospectus. No other interpretations or meanings, potentially employed in other countries, are considered.

The tax framework described in this section is subject to any changes in law and practices (and the interpretation and application thereof) at any moment. Although according to the Portuguese

Constitution legislative amendments which increase taxation cannot have retroactive or retrospective effect, there is no general prohibition of amendments with such effect.

General tax regime

Where no specific tax regime is applicable, e.g., the special debt securities tax regime further described below, the tax regime summarised in this section should generally apply.

Portuguese tax resident individuals (**income obtained outside the scope of business or professional activities**) **or individuals with a permanent establishment in Portugal to which income associated with the Notes is imputable**

Acquisition of Notes for consideration

The acquisition of Notes for consideration is not subject to Portuguese taxation.

Income arising from the ownership of Notes

Economic benefits derived from interest, amortisation, reimbursement premiums and other instances of remuneration arising from the Notes (including, upon a transfer of the Notes, the interest accrued since the last date on which interest was paid), are generally classified as "investment income" for Portuguese tax purposes.

Such investment income arising to the Noteholders is liable for Personal Income Tax (*Imposto sobre o Rendimento das Pessoas Singulares* or "**IRS**"). IRS is generally withheld, at a 28 per cent rate, when the income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable). This represents a final withholding, releasing the Noteholder from the obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRS.

Alternatively, the Noteholders may opt for declaring such income in their tax returns, together with the remaining items of income derived. In that event, income arising from the ownership of Notes shall be liable for tax at the rate resulting from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (*taxa adicional de solidariedade*) of up to 5 per cent. on income exceeding €250,000 (2.5 per cent. on income below €250,000 but exceeding €80,000). The progressive taxation under the IRS rules may then go up to 53 per cent., being the tax withheld deemed as a payment on account of the final tax due.

Investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at the rate of 35 per cent., unless the beneficial owner of the income is disclosed in which case general rules apply.

Capital gains and capital losses arising from the disposal of Notes for consideration

The annual positive balance between capital gains and capital losses arising from the disposal of Notes (and other assets set forth in law) for consideration, deducted of the costs necessary and effectively incurred in the acquisition and disposal, is taxed at a special 28 per cent. IRS rate. Alternatively, Noteholders may opt to include the capital gains and losses in their taxable income, together with the remaining items of income derived. In that event, the capital gains shall be liable for tax at the rate resulting from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (*taxa adicional de solidariedade*) of up to 5 per cent. on income exceeding €250,000 (2.5 per cent. on income below €250,000 but exceeding €80,000). The progressive taxation under the IRS rules may then go up to 53 per cent.

Losses arising from disposals for consideration in favour of counterparties subject to a clearly more favourable tax regime in the country, territory or region where such counterparty is a tax resident, listed in the Ministerial Order no. 150/2004, of 13 February ("**Blacklisted Jurisdictions**") are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

If the gains are obtained in the context of a professional or entrepreneurial activity any capital gains and losses on the transfer of Notes for a consideration should be included in the computation of corporate and professional income and are taxable according to the rules as set forth in the PIT Code for income of business and professional nature.

Where the Portuguese resident individual chooses to include the capital gains or losses in their taxable income subject to the marginal PIT rates, any capital losses which were not offset against capital gains in the relevant tax period may be carried forward for five years and offset future capital gains.

Gratuitous acquisition of Notes

The gratuitous acquisition (per death or in life) of Notes by Portuguese tax resident individuals is liable for Stamp Tax at a 10 per cent. rate. Spouses or couples under the civil partnership regime, ancestors and descendants avail of an exemption from Stamp Tax on such acquisitions.

Non-Portuguese tax resident individuals without a permanent establishment in Portugal to which income associated with the Notes is imputable

Acquisition of Notes for consideration

The acquisition of Notes for consideration is not subject to Portuguese taxation.

Income arising from the ownership of Notes

Investment income arising to the Noteholders from the Notes is liable for IRS. IRS is withheld, at a 28 per cent rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), unless in certain circumstances the transfer is made between two IRS taxpayers and the income

is not imputable to an entrepreneurial or professional activity. This represents a final withholding, releasing the Noteholders from the obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRS.

The above rate may be reduced pursuant to a Convention in force between Portugal and the country where the owner of the Notes is a resident for tax purposes, **provided that** both substantial and formal conditions on which the application of such benefit depends are duly observed. In broad terms, according to Portuguese tax law the formalities consist in a non-certified specific official form (Modelo 21-RFI) supplemented with a document issued by such tax authorities that attests both the tax residency of the beneficiary entity and that this entity is subject to tax in accordance with the Convention. Such specific official form shall be deemed valid for 1 year.

If the Noteholder is subject to a clearly more favourable tax regime in a Blacklisted Jurisdiction, the applicable withholding tax rate is 35 per cent. Similarly, the withholding tax rate is increased to 35 per cent. in case of payments made to accounts opened in the name of one or more accountholders on behalf of undisclosed third parties, unless the beneficial owner of such income is identified, in which case the general rules apply.

In any event, please refer to the section below entitled "*Taxation – Special debt securities tax regime*" in order to assess whether a tax exemption is available.

Capital gains and capital losses arising from the disposal of Notes for consideration

Capital gains arising from the disposal of Notes for consideration should be exempt from taxation as long as they qualify as "**securities**" (*valores mobiliários*), unless the alienator is resident for tax purposes in a jurisdiction listed in a Blacklisted Jurisdiction. Furthermore, capital gains arising from the disposal of Notes for consideration by an alienator resident for tax purposes in a country with which there is a Convention in force with Portugal may be excluded from taxation, depending on the specific provisions of the Convention. In case the taxable event cannot be prevented, the annual positive balance between capital gains and capital losses arising from the disposal of Notes (and other assets set forth in the law) for consideration, deducted of the costs necessary and effectively incurred in such disposal, is taxed at a special 28 per cent. IRS rate. Losses arising from disposals for consideration in favour of counterparties subject to a clearly more favourable tax regime in the country, territory or region where it is a tax resident, listed in a Blacklisted Jurisdiction are disregarded for purposes of assessing the positive or negative balance referred above.

If resident in a member state of the EU or of the European Economic Area with which, in the latter case, there is exchange of tax information, the Noteholders may opt for declaring such income in their tax returns, together with the remaining items of income derived (even if outside the Portuguese territory, in the latter case for purposes of ascertaining the relevant tax bracket). In that event, the capital gains shall be liable for tax at the rate that would result from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (*taxa adicional de solidariedade*)

of up to 5 per cent. on income exceeding €250,000 (2.5 per cent. on income below €250,000 but exceeding €80,000). The progressive taxation under the IRS rules may then go up to 53 per cent.

In any event, please refer to the section below entitled "*Taxation – Special debt securities tax regime*" in order to assess whether a tax exemption is available.

Gratuitous acquisition of Notes

The gratuitous acquisition (per death or in life) of Notes by non-Portuguese tax resident individuals is not liable for Portuguese Stamp Tax.

Corporate entities resident for tax purposes in Portugal or non-Portuguese tax resident entities with a permanent establishment to which income associated with the Notes is imputable

Acquisition of Notes for consideration

The acquisition of Notes for consideration is not subject to Portuguese taxation.

Income arising from the ownership of Notes

Investment income arising to Noteholders from the Notes is liable for Corporate Income Tax (*Imposto sobre o Rendimento das Pessoas Colectivas* or "**IRC**"). IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), except where the Noteholder is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or otherwise benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law.

This withholding represents an advance payment on account of the final IRC liability. IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent., 17 per cent. on the first €25,000 in the case of small or medium-sized enterprises as defined by law and subject to the *de minimis* rule of the EU. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit, may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., for a taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., for a taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. for a taxable income exceeding €35,000,000.00.

Investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at the rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case general rules apply.

There is no obligation to withhold tax, partially or entirely, on investment income of the issuer made available to taxpayers globally exempt from IRC (for instance: the Portuguese State and other corporate

entities subject to administrative law; corporate entities recognised as having public interest and charities; pension funds; retirement savings funds, education savings funds and retirement and education savings funds; and venture capital funds, provided that, with respect to all the above funds, they are organised and operate in accordance with Portuguese law) or which benefit from a total or partial exemption on the investment income made available by the Issuer, assuming that proof of such exemption is presented to the entity responsible for the payment.

Capital gains and capital losses arising from the disposal of Notes for consideration

Capital gains and capital losses are taken into consideration for purposes of computing the taxable profit for IRC purposes. IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent.,17 per cent. on the first €25,000 in the case of small or medium-sized enterprises as defined by law and subject to the *de minimis* rule of the EU. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., for a taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., for a taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. for a taxable income exceeding €35,000,000.00.

Gratuitous acquisition of Notes

The positive net variation in worth (*variação patrimonial positiva*), not reflected in the profit and loss account of the financial year, arising from the gratuitous transfer of Notes to Portuguese tax resident corporate entities liable for IRC, even if exempt therefrom, or to permanent establishments to which it is imputable, is taken into consideration for purposes of computing the taxable profit for IRC purposes.

IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent., 17 per cent. on the first €25,000 in the case of small or medium-sized enterprises as defined by law and subject to the *de minimis* rule of the EU. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit, may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., for a taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., for a taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. for a taxable income exceeding €35,000,000.00.

Corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which income associated with the Notes is imputable

Acquisition of Notes for consideration

The acquisition of Notes for consideration is not subject to Portuguese taxation.

Income arising from the ownership of Notes

Investment income arising to the Noteholders is liable for IRC. IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on

the interest accrued since the last date on which the investment income became due and payable). This represents a final withholding, releasing the Noteholders from the obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRC. If the Noteholder is an entity with domicile, legal seat or place of effective management in a country, territory or region subject to a clearly more favourable tax regime, listed in a Blacklisted Jurisdiction, the withholding tax rate is increased to 35 per cent.

The 25 per cent. withholding tax rate referred above may be reduced pursuant to a Convention in force between Portugal and the country where the owner of the Notes is a resident for tax purposes, provided that both substantial and formal conditions on which the application of such benefit depends are duly observed. In broad terms, according to Portuguese tax law the formalities consist filling out a specific official form (*Modelo 21-RFI*) supplemented with a document issued by the local tax authorities of the country of residence of the owner of the Notes attesting both the tax residency of the beneficiary entity and that this entity is subject to tax in accordance with the Convention. Such specific official form shall be deemed valid for 1 year.

In any event, please refer to the section below entitled "*Taxation – Special debt securities tax regime*" in order to assess whether a tax exemption is available.

Capital gains and capital losses arising from the disposal of Notes for consideration

Capital gains arising from the disposal of Notes for consideration should be exempt from taxation as long as they qualify as "securities" (*valores mobiliários*), unless the alienator is a tax resident, listed in a Blacklisted Jurisdiction, or more than 25 per cent. of the non-resident entity's capital is held by a resident person (except if the disposing entity complies with the legally established conditions and requirements). Furthermore, capital gains arising from the disposal of Notes for consideration by an alienator resident for tax purposes in a country with which there is a Convention in force with Portugal may be excluded from taxation, depending on the specific provisions of the Convention.

In case the taxable event cannot be prevented, capital gains and capital losses are taken into consideration for purposes of computing the taxable profit for IRC purposes. The profit will be taxed at a 25 per cent. IRC rate, but a deduction of the costs necessary and effectively incurred in the relevant disposals is available.

Losses arising from disposals for consideration in favour of counterparties with domicile, legal seat or place of effective management in a country, territory or region subject to a clearly more favourable tax regime, listed in a Blacklisted Jurisdiction, are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

In any event, please refer to the section below entitled "*Taxation – Special debt securities tax regime*" in order to assess whether a tax exemption is available.

Gratuitous acquisition of Notes

The positive variation in worth (*variação patrimonial positiva*) arising from the gratuitous acquisition of Notes by corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which they are imputable is taxed at a 25 per cent. rate.

Special debt securities tax regime

Overview

Decree-Law No. 193/2005, of 7 November, introduced a special tax regime applicable to income arising from debt securities ("**STRIDS**").

Under the STRIDS investment income arising from and capital gains obtained on the disposal of the Notes, as securities integrated in a centralised system managed by Portuguese resident entities such as the Central de Valores Mobiliários, managed by Interbolsa may be exempt from tax, provided that the following requirements are cumulatively met:

(a) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and

(b) the beneficial owners are either (i) central banks and government agencies; or (ii) international organisations recognised by the Portuguese state; or (iii) entities resident in a country or jurisdiction with which Portugal has entered into a Convention or a Tax Information Exchange Agreement ("**TIEA**") currently in force; or (iv) other non–resident entities which are not resident in a country, territory or region subject to a clearly more favourable tax regime, as listed in a Blacklisted Jurisdiction. Beneficial owners resident in a Blacklisted Jurisdiction may still qualify if a Convention or a TIEA between Portugal and such jurisdiction is in force (which is the case of some of the most commonly used offshore jurisdictions).

In order to apply, the STRIDS requires completion of certain procedures and certifications providing evidence of the non-resident status of the beneficial owner of the Notes. Under these rules, the direct register entity is to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity entitled to the exemption. As a general rule, the proof of non-residence should be provided to, and received by, the direct register entities prior to the relevant date of payment of any interest (or prior to the redemption date, as applicable), or prior to their transfer, as the case may be.

A general description of the rules and procedures on the evidence required for the exemption to apply at source is set out below with respect to domestic cleared notes such as the Notes.

The beneficial owner of the Notes must provide proof of non-residence in the Portuguese territory substantially in the following terms:

if the beneficial owner of the Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the beneficial owner itself, duly signed and authenticated or evidenced pursuant to paragraph (ii) or (iv) below;

if the beneficial owner is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country or jurisdiction with which Portugal has entered into a Convention, and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (a) its tax identification; or (b) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the beneficial owner and its domicile; or (c) proof of non-residence, pursuant to the terms of paragraph (iv) below;

if the beneficial owner of the Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a Convention or TIEA, certification shall be provided by means of any of the following documents: (a) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of its incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iv) below; and

in any other case, confirmation must be made by way of (a) a certificate of residence or equivalent document issued by the relevant tax authorities; or (b) a document issued by the relevant Portuguese consulate certifying residence abroad; or (c) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules on the authenticity and validity of the documents mentioned in paragraph (iv) above, in particular that the beneficial owner of the Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period, counting from the date such document is issued. The beneficial owner of the Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying. For the cases mentioned in paragraphs (i) to (iii) above, proof of non-residence is required only once, the beneficial owner having to inform the register entity of any changes that impact the entitlement to the exemption.

No Portuguese exemption shall apply at source under the STRIDS, if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the STRIDS, whereby the refund claim is to be

submitted to the direct or indirect register entity of the Notes within six months from the date the withholding took place.

The refund of withholding tax after the above six-month period is to be claimed to the Portuguese tax authorities within two years from the end of the year in which the tax was withheld. The refund is to be made within three months, after which interest is due.

The form currently applicable for the above purposes were approved by Order (*Despacho*) No. 2937/2014 of the Portuguese Secretary of State for Tax Affairs, published in the Portuguese official gazette, 2nd series, No. 37, of 21 February 2014 and may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

Foreign Account Tax Compliance Act

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 is a foreign financial institution for these purposes. A number of jurisdictions (including Portugal) 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. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and instruments characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding ("grandfathered instruments") unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional instruments that are not distinguishable from previously issued grandfathered instruments are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all instruments, including the grandfathered instruments, as subject to withholding under FATCA. Noteholders should consult their own tax advisors 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.

Administrative co-operation in the field of taxation – Common Reporting Standard

Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014 (the "**Common Reporting Standard**").

Portugal has implemented Directive 2011/16/EU through Decree-Law No. 61/2013, of 10 May 2013, as amended by Decree-Law No. 64/2016, of 11 October 2016, Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019.

Council Directive 2014/107/EU, of 9 December 2014, regarding the mandatory automatic exchange of information in the field of taxation was also transposed into Portuguese law through Decree-Law No. 64/2016, of 11 October 2016, as amended by Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019. Under such law, the Issuer is required to collect information regarding certain accountholders and to report such information to the Portuguese Tax Authorities – which, in turn, will report such information to the relevant tax authorities of EU Member States or third States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard. Law no. 17/2019, of 14 February 2019, introduced the regime for the automatic exchange of financial information to be carried out by financial institutions to the Portuguese Tax Authority (until 31 July, with reference to the previous year) with respect to accounts held by holders or beneficiaries resident in the Portuguese territory with a balance or value that exceeds EUR 50,000 (assessed at the end of each civil year). This regime covers information related to the year 2018 and following years.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year for which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

In view of the regime enacted by Decree-Law No. 64/2016, of 11 October 2016, which was amended by Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the applicable forms were approved by Ministerial Order (*Portaria*) No. 302-B/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) No. 282/2018, of 19 October 2018, Ministerial Order (*Portaria*) No. 302-C/2016, of 2 December 2016, and Ministerial Order (*Portaria*) No.

302- D/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) No. 255/2017, of 14 August 2017, and by Ministerial Order (*Portaria*) No. 58/2018, of 27 February 2018, and Ministerial Order (*Portaria*) No. 302-E/2016, of 2 December 2016.

Administrative co-operation in the field of taxation – Mandatory Disclosure Rules

Council Directive 2011/16/EU, as amended by Council Directive (EU) 2018/822 of 25 May, introduced the automatic exchange of tax information concerning the cross-border mechanisms to be reported to the tax authorities, in order to ensure a better operation of the EU market by discouraging the use of aggressive cross-border tax planning arrangements.

Under Council Directive (EU) 2018/822 of 25 May, the intermediaries or the relevant taxpayers are subject to the obligation to communicate information on cross-border tax planning arrangements to the tax authorities of EU Member States, according to certain hallmarks indicating a potential risk of tax avoidance.

Portugal implemented Council Directive (EU) 2018/822, of 25 May, through Law No. 26/2020, of 21 July, with the following features:

- Reportable arrangements include cross-border and purely domestic arrangements, but generic hallmarks linked to the main benefit test are not relevant in case of purely domestic arrangements.
- The main benefit test is only satisfied if the obtaining of a tax advantage is, beyond reasonable doubt, the main benefit or one of the main benefits which, having regard to all relevant facts and circumstances, a person may reasonably expect to derive from an arrangement.
- Tax advantage is defined as any reduction, elimination or tax deferral, including the use of tax losses or the granting of tax benefits that would not be granted fully or partially, without the use of the mechanism.
- In case any professional privilege or confidentiality clauses apply, the reporting obligations are shifted to the relevant taxpayer; however, in case the relevant taxpayer does not comply with this obligation, the reporting obligation is then shifted again to the intermediary.

The applicable form (Model 58) to comply with the reporting obligations to the Portuguese Tax Authority was approved by Ministerial Order no. 304/2020, of 29 December.

Investors should in any case consult their own tax advisers to obtain a more detailed explanation of this regime and how it may individually affect them.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for an FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia,

Slovakia (the "participating Member States") and Estonia. However, Estonia has since stated that it will not participate.

Currently, after the withdrawal of the Republic of Estonia as a Member State wishing to participate in the establishment of the enhanced cooperation, ten countries are participating in the negotiations on the proposed directive. At the working party meeting of 7 May 2019, participating Member States indicated that they were discussing the option of an FTT based on the French model of the tax, and the possible mutualisation of the revenues among the participating member states as a contribution to the EU budget.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

14. SUBSCRIPTION AND SALE

Portugal

The Manager has represented and agreed that this Prospectus has not been and will not be registered or filed with or approved by the Portuguese Securities Exchange Commission ("*Comissão do Mercado de Valores Mobiliários*" or "**CMVM**") nor has a prospectus recognition procedure been commenced with the CSSF. The Notes may not be and will not be offered in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code, unless the requirements and provisions applicable to the public offering in Portugal are met and the above mentioned registration, filing, approval or recognition procedure is made. In addition, the Manager has represented and agreed that (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold, re-sold, re-offered or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect, from time to time), notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) all offers, sales and distributions by it of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Notes only ("*oferta particular*"); (iii) it has not distributed, made available or caused to be distributed, and will not distribute, make available or cause to be distributed, this Prospectus or any other offering material relating to the Notes to the public in Portugal; and (iv) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation, any delegated acts published in connection with the Prospectus Regulation which are in force at any determined time and any applicable CSSF Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

United States

The Notes have not been and will not be registered under the Securities Act and are not being offered or sold except to non-U.S. persons in offshore transactions in reliance on Regulation S thereunder. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The Manager has agreed that it will not offer or sell the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within

the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the Notes in circumstances in which Section 21(1) of the FSMA does not, or, in the case of the Issuer, would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and

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

Prohibition of Sales to UK Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. 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; or

(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.

Prohibition of Sales to EEA Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. 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 (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

The Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Italian laws and regulations; or

(b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of Legislative Decree No. 58, of 24 February 1998 ("**Financial Services Act**") and Article 34-ter of CONSOB Regulation No. 11971, of 14 May 1999, and the applicable Italian laws.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307, of 15 February 2018 and Legislative Decree No. 385, of 1 September 1993 ("**Banking Act**"); and

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations, including any limitation or requirement imposed by CONSOB or other Italian authority.

Singapore

The Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Manager has represented, warranted and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in

Singapore other than (i) to an institutional investor (as defined in Section 4A of the 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:

(a) 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;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

General

No action has been taken by the Issuer or the Manager that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

15. DOCUMENTS INCORPORATED BY REFERENCE AND DOCUMENTATION AVAILABLE TO THE PUBLIC

15.1. Information Incorporated by reference

The following information which has previously been published and has been submitted to and filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

(1) the audited annual consolidated financial statements of the Issuer and related audit report for the financial year ended 31 December 2020 (which can be viewed online at https://www.haitongib.com/media/4228218/2020-annual-report.pdf);

(2) the audited annual consolidated financial statements of the Issuer and related audit report for the financial year ended 31 December 2019 (which can be viewed online at https://www.haitongib.com/media/4227924/haitong-bank-2019-annual-report.pdf);

(3) the unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2021 (which can be viewed online at https://www.haitongib.com/media/4228552/interim-report-1h_2021.pdf);

(4) the audited annual consolidated financial statements of the Guarantor and related audit report for the financial year ended 31 December 2020 (which can be viewed online at https://www.htsec.com/jfimg/colimg/upload/20210422/44521619077550011.pdf);

(5) the audited annual consolidated financial statements of the Guarantor and related audit report for the financial year ended 31 December 2019 (which can be viewed online at https://www.htsec.com/jfimg/colimg/upload/20200402/5441585791808223.pdf); and

(6) the unaudited interim consolidated financial statements of the Guarantor for the six months ended 30 June 2021 (which can be viewed online at https://www.htsec.com/jfimg/colimg/upload/20210827/34111630045687778.pdf).

Copies of the documents incorporated by reference in this Prospectus and the Prospectus itself can be obtained (without charge) from the registered office of the Issuer and on the website of the Issuer (www.haitongib.com).

Documents incorporated by reference in this Prospectus contain the information available with respect to the Issuer and the Guarantor as at the date of their publication and their incorporation by reference does not imply, in any circumstance, that there have been no changes in the Issuer's or Guarantor's businesses since the relevant date of publication at any moment after such date. In any event, pursuant to Article 23 of the Prospectus Regulation, if between the approval of the Prospectus and the start of trading of the Notes on the *Bourse de Luxembourg* and Euronext Lisbon any significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus, which may

affect the assessment of the Notes, arises or is noted, the Issuer shall prepare a supplement to the Prospectus without undue delay.

Any information contained in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Cross-reference List

The following tables show, *inter alia*, the information required under Annex 7 of the Prospectus Regulation (in respect of the Issuer and the Guarantor) which can be found in the above-mentioned financial statements incorporated by reference in this Base Prospectus.

Information incorporated by reference	Page reference
Unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2021	
Consolidated income statement for the periods of six months ended on 30th June 2021 and 2020	58
Consolidated statement of comprehensive income for the periods of six months ended on 30th June 2021 and 2020	59
Consolidated statement of financial position as at the 30th June 2021 and 31st December 2020	60
Consolidated statement of changes in equity for the periods ended on 30th June 2021, 31st December 2020 and 30th June 2020	61
Consolidated cash flows statement for the periods of six months ended on 30th June 2021 and 2020	62
Notes to the consolidated financial statements	63 – 166
Statutory Auditor's Report and Audit Report	183
Audited annual consolidated financial statements of the Issuer and related audit report for the financial year ended 31 December 2020	
Consolidated income statement for the financial years ended on the 31st December 2020 and 2019	60

Consolidated statement of comprehensive income for the financial years ended on the 31st December 2020 and 2019	61
Consolidated statement of financial position as at the 31st December 2020 and 2019	62
Consolidated statements of changes in equity for the financial years ended on the 31st December 2020 and 2019	63
Consolidated cash flows statement for the financial years ended on the 31st December 2020 and 2019	64
Notes to the consolidated financial statements	65 – 174
Statutory Auditor's Report and Audit Report	183

Audited annual consolidated financial statements of the Issuer and related audit report for the financial year ended 31 December 2019

Consolidated income statement for the financial years ended on the 31st December 2019 and 2018	59
Consolidated statement of comprehensive income for the financial years ended on the 31st December 2019 and 2018	60
Consolidated statement of financial position as at the 31st December 2019 and 2018	61
Consolidated statement of changes in equity for the financial years ended on the 31st December 2019 and 2018	62
Consolidated cash flows statement for the financial years ended on the 31st December 2019 and 2018	63
Notes to the consolidated financial statements	64 – 172
Statutory Auditor's Report and Audit Report	181

Information incorporated by reference	**Page reference**

Unaudited interim consolidated financial statements of the Guarantor for the six months ended 30 June 2021

Interim condensed consolidated statement of profit or loss for the six months ended 30 June 2021	114

Notes to the consolidated financial statements	289 – 492
Independent Auditor's Report	270

Any non-incorporated parts of a document referred to above (which, for the avoidance of doubt, means any parts not listed in the cross-reference lists above) are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

15.2. Documents available

In addition to the availability of the Prospectus and documents incorporated by reference therein on the Luxembourg Stock Exchange's website (www.bourse.lu), on Euronext's website (www.euronext.com) and on the Issuer's website (www.haitongib.com), copies of the following documents will be available from the date hereof and for so long as the Notes remain outstanding at the specified office of the Issuer upon prior written request and presentation of the certificate of ownership issued by the relevant Affiliate Member of Interbolsa through which the Notes are held:

(a) the Agency Terms;

(b) the Agent Appointment Agreement;

(c) the Instrument; and

(d) the Deed of Guarantee.

The Issuer's Articles of Association are also available, from the date hereof and for as long as the Notes remain outstanding, on https://www.haitongib.com/media/4228797/haitong_f_estatutos_eng.pdf.

This Prospectus and the documents incorporated by reference therein will be published in electronic format and shall remain publicly available in electronic form for at least 10 years after its publication.

Other than the documents referred to above, none of the contents of the Issuer's website, any websites referred to in this Prospectus nor any website directly or indirectly linked to these websites form part of this Prospectus.

Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

16. GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue, entering into and performance of its obligations under the Notes, the Instrument, the Agency Terms and the Agent Appointment Agreement. The issue of the Notes was duly authorised by resolutions of the Executive Committee of the Issuer passed on 24 and 31 January 2022. The Guarantor has also obtained all necessary consents, approvals and authorisations in connection with the granting and performance of the Guarantee. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor passed on 30 March 2021 and a resolution of the shareholders of the Guarantor passed on 26 May 2016.

The Guarantor has registered the issue of the Notes with NDRC and obtained a certificate from NDRC on 3 August 2021 evidencing such registration.

Listing, approval and admission to trading of the Notes on the *Bourse de Luxembourg* and Euronext Lisbon

This Prospectus has been approved by the CSSF. Application has been made to (i) the Luxembourg Stock Exchange, for the Notes to be admitted to trading on the *Bourse de Luxembourg*, which is the regulated market of the Luxembourg Stock Exchange, and to be listed on the official list of the Luxembourg Stock Exchange on the Issue Date; and (ii) Euronext, for the Notes to be admitted to trading on Euronext Lisbon, which is a regulated market of Euronext on the Issue Date.

The Issuer estimates that the total expenses related to the admission to trading will be approximately €17,900.

Issue Price and yield

The Issue Price is 100 per cent. of the principal amount of the Notes.

The yield for the Notes can be calculated on the compound annual rate of return if the Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is the formula that can be used for the purposes of calculating the yield of the Notes.

$$Issue\ Price = \frac{Interest\ Rate}{m} \times \frac{1 - \left[\frac{1}{\left(1 + \frac{Yield}{m}\right)^{m \times n}}\right]}{\frac{Yield}{m}} + \left[Principal\ Amount\ Outstanding \times \left[\frac{1}{\left(1 + \frac{Yield}{m}\right)^{m \times n}}\right]\right]$$

Where,

"Issue Price" means an amount equal to 100 per cent. of the principal amount outstanding of the Notes; and

"m" means the number of interest payments in a year; and

"n" means the number of years to maturity.

The Notes will bear interest on their aggregate principal amount at a rate equal to the 3-month deposit Euribor plus a margin of 1.45 per cent. per annum, and if the rate so determined is less than zero, then the Interest Rate shall be deemed to be zero. Information about the past and future performance of 3-month deposit Euribor and its volatility can be obtained by electronic means at www.emmi-benchmarks.eu free of charge.

Clearing systems

The Notes have been accepted for settlement and clearing through the CVM, managed and operated by Interbolsa and may be held indirectly through direct or indirect accounts with Euroclear and Clearstream, Luxembourg. The ISIN of the Notes is PTESS2OM0011 and the Common Code is 244104819. Interbolsa's address is Avenida da Boavista, 3433, 4100-138 Porto, Portugal.

The Classification of Financial Instrument ("**CFI**") code and the Financial Instrument Short Name ("**FISN**") code for the Notes are set out on the website of the Association of National Number Agencies (ANNA).

Eurosystem Eligibility

The Notes are intended to be held in a manner which would allow Eurosystem eligibility. This simply means that the Notes are intended, upon issue, to be deposited with one of the international central securities depository as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, either upon issue of the Notes or at any or all times during their life.

Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Lei Codes

The Legal Entity Identifier ("**LEI**") of the Issuer is GDI8P8WHFH4PS5YTU851.

The LEI of the Guarantor is 300300E1003931000068.

Trend information / No material change

There has been no significant change in the financial performance or financial position of the Issuer or the Guarantor since 30 June 2021.

There has been no material adverse change in the prospects of the Issuer or the Guarantor since the date of the last audited annual accounts, i.e. 31 December 2020.

Material contracts

Neither the Issuer nor the Guarantor has entered into any contracts outside the ordinary course of business that have been or may reasonably be expected to be material to the Issuer or Guarantor's ability to meet their obligations to Noteholders.

Litigation

The Issuer, BES and Novo Banco, S.A. ("**novobanco**") (and, in some cases, supervisory authorities, auditors and former directors from BES) have been sued in civil proceedings associated with facts of the former Grupo Espírito Santo ("**GES**").

Within this framework, Haitong Bank is currently a defendant in a proceeding relating to the share capital increase of BES, which took place in June 2014.

As regards this legal proceeding (case brought by several investment funds), following the decision of the trial court declaring that the case had been "abandoned", the Lisbon Court of Appeal revoked that decision and ordered the continuation of the judicial proceeding. Two of the defendants appealed to the Supreme Court of Justice, which confirmed the decision of the Court of Appeal. Extraordinary Review Appeals were filed with the Constitutional Court, all of which maintained the prior decision of the Lisbon Court of Appeal. The case returned to the trial court (of first instance) lawsuit for the continuation of its terms, awaiting the scheduling of a preliminary hearing.

Haitong Bank is also a defendant in 10 proceedings, nearly all of which are associated with issues of commercial paper of GES's entities.

Although the outcome of a judicial dispute is by nature uncertain, in the opinion of Haitong Bank's legal department and of the external lawyers to whom the proceedings have been entrusted, and supported by several precedent judicial decisions, such proceedings do not have legal grounds and, accordingly, based on the above, Haitong Bank takes the view that a judgment against Haitong Bank in relation thereto is not likely to occur.

In fact, of the 78 cases filed against Haitong Bank regarding the issue of commercial paper by GES' entities, 47 cases have already been res judicata with the total acquittal of Haitong Bank and 21 cases having been withdrawn by the relevant claimants.

On 16 July 2019, Haitong Bank has been notified of a new legal action brought against itself and several former board members of BES, regarding commercial paper issued by ESI and Rio Forte in 2013.

Such legal action has been submitted by a credit recovery fund (*Fundo de Recuperação de Créditos "FRC – INQ – Papel Comercial ESI e Rio Forte*") to which the claims submitted by certain holders of ESI and Rio Forte commercial paper have been assigned and amounts to €517,500,099.71. Haitong Bank presented its written defence on 25 June 2020. The preliminary hearing is now expected to be scheduled by the Court.

Although the outcome of a judicial dispute is by nature uncertain, in the opinion of the external lawyers to whom this proceeding, brought by FRC, has been entrusted, such proceeding does not have solid legal grounds and, accordingly, based on the above, Haitong Bank takes the view that a judgment against Haitong Bank in relation thereto is not likely to occur.

Following the above stated, Haitong Bank did not establish any provision related to such legal proceedings.

Without prejudice of the above mentioned regarding the successful outcome for Haitong Bank from such proceedings, and in order to comply with the applicable accounting rules, it is not possible to achieve an amount of expected losses which could eventually arise for Haitong Bank, individually considered, once such legal proceedings are brought against several entities and not only against Haitong Bank.

On July 2021, Haitong Bank was fined by CMVM in connection with Haitong Bank's participation as paying agent in the commercial paper issuances of ESI and Rio Forte between September 2013 and February 2014.

CMVM considered that Haitong Bank (referred to as, at the time of the facts, BESI) had a causal contribution for Banco Espírito Santo, S.A. – In Liquidation to disclose to its customers that subscribed commercial paper issued by ESI, between September and December 2013, and by Rio Forte, between 9 January and 24 February 2014, information memoranda containing information that was not true, not complete, not up-to-date and not lawful, hence violating the duty to provide quality information, provided for in article 7. of the Portuguese Securities Code.

The breach, with intent, of the duty to provide quality information, provided for in article 7 of the Portuguese Securities Code, constitutes the practice of a very serious offence, under the terms of article 389, no. 1, a), of the Portuguese Securities Code, punishable by a fine of €25,000.00 to €5,000,000.00, under the terms of article 388, no. 1, a), of the Portuguese Securities Code, in each of the cases (ESI and Rio Forte).

In view of the circumstances of the case, the Board of Directors of the CMVM decided to impose on Haitong Bank a single fine in the amount of €300,000, suspended in the execution of €100,000, for the period of two years. Haitong Bank understands that CMVM's decision has no grounds, nor legally neither factually, and, therefore, has contested the administrative decision towards the Judicial Court on September 2021. Irrespectively of the decision in first instance court, the Issuer firmly believes that it has grounds to sustain its position until a final decision ("*res judicata*") is taken by the courts.

In addition and in relation to Haitong Brasil, a subsidiary of the Issuer established in Brazil, there is a judicial discussion around the constitutionality of the law applicable to the contributions of PIS ("*Programa de Integração Social*") and COFINS ("*Financiamento da Seguridade Social*") taxes which falls over other income that is not originated from sale of goods or from services rendered. Based on a court decision, all Brazilian group entities are monthly depositing to the court the amount under discussion and only are assessing to Tax Authorities the amount of tax related to services rendered, which are not under

such discussion. The amounts subject to judicial deposit are recorded on balance sheet, in other assets. As at 31 December 2021, the accumulated amount of the mentioned non assessed contributions, judicially deposited by the group, was €19.669 thousand. Following the above stated, the Issuer did not establish any provision related to such legal proceedings.

In what relates to the Guarantor, the main litigations or arbitrations with an amount of over RMB100 million are related to:

(i) a dispute between Haitong Securities and Nanjing First Agricultural Chemical Company, Red Sun Group and Nanjing World Village on repurchase of pledged securities: as Nanjing First Agricultural Chemical Group Ltd.("**Nanjing First Agricultural Chemical Company**") refused to fulfil the obligation of stock pledge repurchase in accordance with the agreement, Haitong Securities filed a lawsuit with the Shanghai Financial Court requesting that Nanjing First Agricultural Chemical Company, the borrower, pay the principal of RMB300 million plus the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees, and requesting that the guarantors (Red Sun Group Corporation and Nanjing World Village Automotive Power Co., Ltd.) undertake the guarantee obligation. Shanghai Financial Court officially accepted the case on 19 May 2020 and heard the case on 12 November 2020. The Court issued the first instance verdict in April 2021, supporting Haitong Securities' requests. In June 2021, Nanjing First Agricultural Chemical Company was adjudged bankrupt by the People's Court of Gaochun District, Nanjing. Haitong Securities will declare its claims and participate in creditors meetings based on the progress of Nanjing First Agricultural Chemical Company's bankruptcy and restructuring process.

(ii) a dispute between Haitong Securities and Red Sun Group, Nanjing First Agricultural Chemical Company, Yang Shouhai, Yang Liu, Nanjing Zhenbang and Jiangsu Zhenbang relating to a margin financing and securities lending transaction: as Red Sun Group failed to repay the related fees, such as financing principal, securities and interest, on time in accordance with the "Securities Margin Trading Contract" after the expiry of the securities margins terms, it constituted a breach of contract. Haitong Securities filed a lawsuit with the Shanghai Financial Court requesting that the borrowers, Red Sun Group, pay the principal of financing liabilities in the amount of RMB257,711.8 thousand plus the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees, and requesting that Nanjing First Agricultural Chemical Company, Yang Shouhai, Yang Liu, Nanjing Zhenbang Investment Development Co., Ltd. and Jiangsu Zhenbang Agricultural Crop Technology Co., Ltd. ("Jiangsu Zhenbang") undertake the corresponding guarantee obligations. Shanghai Financial Court officially accepted the case on 13 January 2021, but the case has not yet been heard.

In addition, during the first half of 2021, the Guarantor and several branches were subject to the following administrative and regulatory measures taken by the CSRC and its agencies:

(i) In February 2021, the CSRC issued its "*Decision on Taking Regulatory Talk Measures Against Haitong Securities Co., Ltd.*" (2021, No. 14) which advised the taking of regulatory measures by talking to the Guarantor. The decision affirmed that the Guarantor had failed to conduct regular follow-up visits, on-site inspections and other procedures when performing its ongoing supervision duties in respect of the restructuring and listing, as required, and had failed to prudently verify the work of the accountants engaged by it. In addition, the Guarantor did not examine the external guarantees of the relevant listed company through the issue of external confirmations and the conducting of interviews while serving a financial consultant;

(ii) In February 2021, the CSRC also issued its "*Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd.*" (2021, No. 16) which advised the taking of regulatory measures by issuing warning letters to the Guarantor. The decision affirmed that the Guarantor's verification of the relevant listed company's internal control and equity interests had been inadequate;

(iii) In March 2021, the Shanghai Bureau of the CSRC imposed administrative and regulatory measures on the Guarantor and on Shanghai Haitong Securities Asset Management Company Limited, a subsidiary wholly owned by the Guarantor, for their non-compliances when developing their investment advisory and private asset management businesses. More specifically, it imposed the following regulatory measures on the Guarantor: an order requiring the suspension for 12 (twelve) months of its bond investment advisory business for institutional investors, increased number of internal compliance investigations and the submission of compliance investigation reports. Regulatory measures were also imposed on HT Asset Management, including an order requiring the suspension for 12 (twelve) months of its investment advisory business targeting private asset management products for securities and futures business institutions and the suspension for 6 (six) months of filing for the registration of new private asset management products. The CSRC also determined that a number of directly responsible persons and officers with management responsibility would be considered ineligible candidates for 2 (two) years;

(iv) In April 2021, the CSRC issued its *"Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd., Jiang Huang and Zhang Shu*" (2021, No. 32) which advised the taking of regulatory measures by issuing warning letters to the Guarantor and these two sponsor representatives. The decision affirmed that in the application document for the non-public issuance of shares submitted to the issuer by the Guarantor and these two sponsor representatives, the shareholding structure of the indirect shareholders of the acquisition target disclosed in the issuance plan was not consistent with the shareholding structure set out in the working report on the issuance and sponsoring;

(v) In April 2021, the CSRC also issued its "*Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd., Li Mingjia and Zhu Wenjie*" (2021, No. 34) which advised the taking of regulatory measures by issuing warning letters to the Guarantor and these two sponsor representatives. The decision similarly affirmed that in the application document for the non-public issuance of shares submitted to the issuer by the Guarantor and these two sponsor representatives, the shareholding structure of the indirect shareholders of the acquisition target disclosed in the issuance plan was not consistent with the shareholding structure set out in the working report on the issuance and sponsoring;

(vi) In May 2021, the Jiangsu Bureau of the CSRC issued its "*Decision on the Measures of Ordering Nantong Renmin Middle Road Securities Business Department of Haitong Securities Co., Ltd. to Make Rectifications*" (2021, No. 46) which advised the taking of measures ordering Nantong Renmin Middle Road Securities Business Department of the Guarantor to make rectifications. The decision affirmed that there were defects in Nantong Business Department's warning, monitoring and handling of unusual trades, the authority of the employee management system and elements of customers' trading and entrustment records; and

(vii) Due to its lack of diligence during the continuous supervision of the financial advisory business of Southwest Pharmaceutical Co., Ltd. (now Aurora Optoelectronics Co., Ltd.), the Guarantor received the Administrative Penalty issued by the Chongqing Securities Regulatory Bureau of the China Securities Regulatory Commission in October 2021. Decision (2021 No. 5) ordered Haitong Securities to make corrections, confiscated 1 million RMB yuan of financial consulting business income, and imposed a fine of 3 million RMB yuan. Two directly responsible persons also were warned and fined 50,000 yuan respectively.

Save as disclosed above, the Issuer or the Guarantor is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer and/or Haitong Bank Group.

Auditors

The financial statements of the Issuer for the financial periods ended 31 December 2019 and 31 December 2020, prepared in accordance with IFRS, have been audited in accordance with generally accepted auditing standards applicable in Portugal and have been reported on without qualification by Deloitte, registered with the Portuguese Institute of Chartered Accountants (*Ordem dos Revisores Oficiais de Contas*) under no. 43 and with the CMVM under no. 20161389, with registered office at Av. Eng. Duarte Pacheco, no. 7, 1070-100 Lisboa, Portugal.

The interim consolidated financial statements of the Issuer as of and for the six months ended 30 June 2021 were not audited.

The financial statements of the Guarantor for the financial period ended 31 December 2019, prepared in accordance with IFRS and GAAP, have been audited in accordance with generally accepted auditing standards applicable in PRC and have been reported on without qualification by Deloitte Touche Tohmatsu with registered office at 30/F, Bund Center, No. 222 East Yanan Road, Shanghai, PRC, registered with the Chinese Institute of Certified Public Accountants.

The financial statements of the Guarantor for the financial period ended 31 December 2020, prepared in accordance with IFRS and GAAP, have been audited in accordance with generally accepted auditing standards applicable in PRC and have been reported on without qualification by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) ("**PricewaterhouseCoopers**") with registered office at 11/F, PwC Center, Link Square 2, No. 202 Hubin Road, Huangpu District, Shanghai, PRC and PricewaterhouseCoopers with registered office at 22/F, Prince Building, Central, Hong Kong, PRC, registered with the Chinese Institute of Certified Public Accountants.

The 2021 interim consolidated financial statements of the Guarantor as of and for the six months ended 30 June 2021 were not audited. PricewaterhouseCoopers has reviewed this interim financial information in accordance with International Standard on Review Engagements 2410 and issued a review report.

Listing agent

Banque Internationale à Luxembourg is acting solely in its capacity as listing agent for the Issuer in relation to the listing of the Notes on the Official List and is not itself seeking admission of the Notes to the Official List.

Conflicts of interest

Haitong Bank, as Manager, has engaged, and may in the future engage, in investment banking and/or commercial banking transactions in the ordinary course of business. The Manager may also make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for its own account and for the accounts of its customers. Such investments and securities activities may involve securities and/or instruments issued by Haitong Bank itself. The Manager may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend that its clients acquire, long and/or short positions in such securities and instruments.

17. DEFINITIONS

Except as otherwise required by the context, the following terms used in this Prospectus shall have the following meaning:

"**Additional Amounts**" has the meaning given to it in Condition 9 (*Taxation*);

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

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied); and

(iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Affiliate Member**" means any authorised financial intermediary entitled to hold control accounts with the CVM and includes any banks or financial intermediaries appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding individual Securities Accounts on behalf of Euroclear and Clearstream, Luxembourg;

"**Agency Terms**" has the meaning given to it in the preamble to the Conditions;

"**Agent**" means Bondholders, S.L., a company incorporated and existing under the laws of Spain, having its registered office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain;

"**Agent Appointment Agreement**" has the meaning given to it in the preamble to the Conditions;

"**Alternative Rate**" means an alternative benchmark or screen rate determined by the Independent Adviser in accordance with Condition 5.7. (ii) (*Benchmark Discontinuation - Successor Rate or Alternative Rate)* as being customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in euro;

"**Benchmark Amendments**" has the meaning given to it in Condition 5.7.(iv) (*Benchmark Discontinuation – Benchmark Amendments*);

"**Benchmark Event**" means:

(vii) the Original Reference Rate ceasing to be published for a period of at least 5 TARGET Business Days or ceasing to exist; or

(viii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(ix) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(x) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(xi) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(xii) it has become unlawful for the Paying Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

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

"**BESI**" means Banco Espírito Santo de Investimento, S.A.;

"**BES**" means Banco Espírito Santo, S.A.;

"***Bourse de Luxembourg***" means the regulated market so named, managed by the Luxembourg Stock Exchange;

"**BRRD**" means the Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as may be amended or replaced from time to time (including, without limitation, by Directive (EU) 2017/2399 and by Directive (EU) 2019/879);

"**Calculation Amount**" means €100,000 in principal amount;

"**Change of Control**" means that the Guarantor has ceased to directly or indirectly own and control at least fifty-one per cent. or more of the share capital of the Issuer;

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.;

"**Conditions**" means the terms and conditions of the Notes, as amended from time to time, contained in section 4 (*Terms and Conditions of the Notes*);

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012;

"**CRD IV**" means the Directive 2013/36/EU, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;

"**CSRC**" means China Securities Regulatory Commission;

"**CSSF**" means the *Commission de Surveillance du Secteur Financier*, the Luxembourg Securities Market Commission;

"**CVM**" means *Central de Valores Mobiliários*, a Portuguese Securities Centralised System managed and operated by Interbolsa;

"**Deed of Guarantee**" has the meaning given to it in the preamble to the Conditions;

"**EBA**" means the European Banking Authority;

"**EMMI**" means the European Money Markets Institute;

"**ESMA**" means European Securities and Market Authority, a body established by Regulation (EU) No. 1095/2010 of the European Parliament and of the Council of 24 November 2010, which, as of 1 January 2011, replaced the Committee of European Securities Regulators (CESR);

"**EU**" means the European Union;

"EU Benchmark Regulation" means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds;

"**EU CRA Regulation**" means Regulation (EC) No. 1060/2009;

"**EURIBOR**" means Euro Interbank Offered Rate;

"**Euroclear**" means Euroclear Bank SA/NV;

"**European Economic Area**" or "**EEA**" means the economic area encompassing all of the members of the European Union and the European Free Trade Association;

"**euro**" or "**€**" means the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Community;

Euronext" means Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.;

"**Euronext Lisbon**" means the regulated market so named, managed by Euronext;

"**EUWA**" means the European Union (Withdrawal) Act 2018;

"**Extraordinary Resolution**" has the meaning given to it in the Instrument;

"**FSMA**" means the Financial Services and Markets Act 2000;

"**GDP**" means gross domestic product;

"**Guarantee**" has the meaning given to it in the preamble to the Conditions;

"**Guarantor**" or "**Haitong Securities**" means Haitong Securities Co., Ltd., a company incorporated in the PRC and listed on the SSE under the stock code of 600837 and listed on the HKSE under the stock of 06837;

"**Haitong Bank**" or "**Issuer**" or "**Manager**" means Haitong Bank, S.A.;

"**Haitong Bank Group**" means Haitong and its subsidiaries, including Haitong Brasil and Haitong Capital SCR;

"**Haitong Brasil**" means Haitong Banco de Investimento do Brasil, S.A.;

"**Haitong Capital**" means Haitong Capital Investment Co. Ltd., a wholly owned limited liability company, subsidiary of Haitong Securities as at 30 June 2021 and incorporated in PRC;

"**Haitong Capital SCR**" means Haitong Capital – SCR, S.A., a wholly owned venture capital company, subsidiary of Haitong Bank as at 30 June 2021 and incorporated in Portugal;

"**Haitong Fortis**" means Haitong-Fortis Private Equity Fund Management Co., Ltd., a 67 per cent. owned limited liability company, subsidiary of Haitong Securities as at 30 June 2021 and incorporated in PRC;

"**Haitong Futures**" means Haitong Futures Co., Ltd., a 67 percent owned joint stock limited company, subsidiary of Haitong Securities as at 30 June 2021 and incorporated in PRC;

"**Haitong Global Asset Management**" means Haitong Global Asset Management SGOIC, S.A.;

"**Haitong Group**" means Haitong Securities and its subsidiaries, including HFT Investment, Haitong-Fortis, Haitong Capital, Haitong International Holdings, Haitong Futures, Haitong International Securities, Haitong Innovation Securities, Shanghai Haitong Securities, Haitong UT, Haitong UniTrust, Haitong Bank, Shanghai Weitai Properties and Shanghai Zechun;

"**Haitong Innovation Securities**" means Haitong Innovation Securities Investment Company Limited, a wholly owned limited liability company as at 30 June 2021 and incorporated in PRC;

"**Haitong International Holdings**" means Haitong International Holdings Limited, a wholly owned subsidiary of Haitong Securities as at 30 June 2021 and incorporated in Hong Kong;

"**Haitong International Securities**" means Haitong International Securities Group Limited, a 65 per cent. owned subsidiary of Haitong Securities as at 30 June 2021 and incorporated in Bermuda;

"**Haitong Negócios**" means Haitong Negócios, S.A., a wholly owned subsidiary of Haitong Bank as at 30 June 2021 and incorporated in Brazil;

"**Haitong Securities Brasil**" means Haitong Securities do Brasil – Corretor de Câmbio e Valores Mobiliários, S.A., a wholly owned subsidiary of Haitong as at 30 June 2021 and incorporated in Brazil;

"**Haitong UniTrust**" means Haitong UniTrust International Financial Leasing Co., Ltd., an 85 per cent. owned joint stock limited company, subsidiary of Haitong Securities as at 30 June 2021 and incorporated in PRC;

"**Haitong UT**" means Haitong UT Capital Group Co., a wholly owned subsidiary of Haitong Securities as at 30 June 2021 incorporated in Hong Kong;

"**HFT Investment**" means HFT Investment Management Co., Ltd., a 51 per cent. owned limited liability company subsidiary of Haitong Securities as at 30 June 2021 and incorporated in PRC;

"**HKSE**" means Hong Kong Stock Exchange;

"**IFRS**" means International Financial Reporting Standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union in the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, which include all the International Accounting Standards (IAS), all the International Financial Reporting 3 Standards (IFRS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC);

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.7.(i) (*Benchmark Discontinuation - Independent Adviser)*;

"**Instrument**" has the meaning given to it in the preamble to the Conditions;

"**Interbolsa**" means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.;

"**Interest Amounts**" has the meaning given to it in Condition 5.3 (*Deposit and return*);

"**Interest Determination Date**" means, in relation to each Interest Period, the second TARGET Business Day prior to the commencement of the relevant Interest Period;

"**Insurance Distribution Directive**" means Directive (EU) 2016/97;

"**Interest Payment Date**" means 8 February, 8 May, 8 August and 8 November in each year commencing on 8 May 2022, provided that if any Interest Payment Date falls on a day which is not a TARGET Business Day it shall be postponed to the next day which is a TARGET Business Day;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the rate of interest payable from time to time in respect of the Notes and that is calculated in accordance with the provisions of Condition 5 (*Interest*);

"**IMF**" means the International Monetary Fund;

"**Issue Date**" means 8 February 2022, which is the date of the initial issue of the Notes;

"**Issue Price**" means 100 per cent. of the principal amount of the Notes;

"**Law No. 83/2017**" means Law No. 83/2017, of 18 August, which implemented Directives 2015/849/EC of 20 May 2015 and 2016/2258/EC of 6 December 2016 in Portugal;

"**Listing Agent**" means *Banque Internationale à Luxembourg SA*;

"**Luxembourg Stock Exchange**" or "**LuxSE**" means *Société de la Bourse de Luxembourg S.A.*;

"**Margin**" means 1.45 per cent.;

"**Material Subsidiary**" means, at any relevant time, a Subsidiary of the Issuer or the Guarantor: (a) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated financial statements, whose total consolidated assets or gross consolidated revenues, as the case may be) represent not less than 10 per cent. of the total consolidated assets or the gross consolidated revenues of the Issuer and its Subsidiaries or, as the case may be, the Guarantor and its Subsidiaries, all as calculated by reference to the then latest audited financial statements (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated financial statements of the Issuer or the Guarantor; or (b) to which is transferred all or substantially all of the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Material Subsidiary;

"**Maturity Date**" means 8 February 2025;

"**MiFID II**" means Directive 2014/65/EU on markets in financial instruments;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

"**No Listing Event**" means the prospectus pertaining to the admission to trading of the Notes on the *Bourse de Luxembourg* or Euronext Lisbon was not approved by the CSSF or Euronext and the admission to trading of the Notes on the *Bourse de Luxembourg* or Euronext Lisbon did not occur on or before 31 March 2022;

"**No Registration Event**" means the Registration Condition is not complied with by the Registration Deadline;

"**Noteholder**" has the meaning given to it in Condition 1 (*Form, Denomination, Title and Transfer*);

"**Notes**" has the meaning given to it in the preamble to the Conditions;

"**Official List**" means the official list of the Luxembourg Stock Exchange;

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component part thereof) on the Notes or, if applicable, any other successor or alternative rate (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of Condition 5.6. (*Determinations of Paying Agent Binding*);

"**Paying Agent**" means Haitong Bank, S.A.;

"**PBOC**" means the People's Bank of China;

"**Portuguese Companies Code**" means the Portuguese companies code (*Código das Sociedades Comerciais*), approved by Decree-Law No. 262/86, of 2 September;

"**Portuguese Securities Code**" means the Portuguese securities code (*Código dos Valores Mobiliários*) enacted by Decree-Law No. 486/99, of 13 November;

"**PRC**" means the People's Republic of China, which shall for the purposes of these Conditions exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing;

"**PRIIPS Regulation**" means Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014;

"**Prospectus Regulation**" means Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended by Regulation (EU) No. 2019/2115 of the European Parliament and of the Council of 27 November 2019 and by Regulation (EU) No. 2021/337 of the European Parliament and of the Council of 16 February 2021;

"**Put Exercise Notice**" means a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Terms, obtainable from the specified office of the Paying Agent;

"**Put Settlement Date**" means the fourteenth day after the expiry of the 30-day period following a Relevant Event, or, if later, the 30-day period following the date on which notice thereof is given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*), as referred to in Condition 6.3. (*Redemption and Purchase – Investor put option – redemption for Relevant Events*);

"**Reference Banks**" means five leading banks in the principal interbank market relating to euro selected by the Paying Agent in its discretion after consultation (if the Paying Agent is not the Issuer at the relevant time) with the Issuer;

"**Reference Date**" means the later of (i) the Issue Date or (ii) the latest date (if any) on which any further Notes have been issued pursuant to Condition 13 (*Further Issues*);

"**Registration Condition**" means the receipt by the Agent of the Registration Documents as set forth in Condition 3.2 (*Notice of Cross-Border Security Registration*);

"**Registration Deadline**" means the day falling 180 PRC Business Days after the Issue Date;

"**Relevant Amounts**" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority;

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the Issuer in a winding-up of the Issuer, the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that such payment will be made, provided that the relevant payment is in fact made, and (ii) in respect of a sum to be paid by the Issuer in a winding-up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up;

"**Relevant Event**" means a Change of Control, a No Listing Event or a No Registration Event;

"**Relevant Jurisdiction**" means Portugal or any political subdivision or authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(a) the European Commission, the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

"**Relevant Regulator**" means the Bank of Portugal, the Single Resolution Board, the European Central Bank or such other authority having primary supervisory authority with respect to prudential and/or resolution matters concerning the Issuer and/or the Group, as may be relevant in the context and circumstances;

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Statutory Loss Absorption Powers in relation to the Issuer;

"**Reuters Page EURIBOR01**" means the display page or screen so designated on Reuters (or such other page or screen as may replace that page on that service, or such other service as may be nominated as the information vendor);

"**RGICSF**" means the General Regime for Credit Institutions and Financial Companies, as enacted by the Decree-Law No. 298/92, of 31 December;

"**RMB**" or "**Renminbi**" means Renminbi, which is the official currency of the PRC;

"**SAFE**" means the State Administration of Foreign Exchange of the PRC;

"**Securities Account**" means a securities account held with an Affiliate Member of Interbolsa;

"**Securities Act**" means the United States Securities Act of 1933;

"**SFO**" means the Securities and Futures Ordinance, as enacted by Order No. 5 of 2002 by the Hong Kong Special Administrative Region;

"**Shanghai Guosheng Group**" means Shanghai Guosheng (group) Co., Ltd.;

"**Shanghai Haitong Securities**" means Shanghai Haitong Securities Asset Management Company Limited, a wholly owned limited liability company subsidiary of Haitong Securities as at 30 June 2021 and incorporated in PRC;

"**Shanghai Weitai Properties**" means Shanghai Weitai Properties Management Co., Ltd., a wholly owned limited liability company, subsidiary of Haitong Securities as at 30 June 2021 and incorporated in PRC;

"**Shanghai Zechun**" means Shanghai Zechun Investment & Development Co., Ltd, a wholly owned limited liability company, subsidiary of Haitong Securities as at 30 June 2021 and incorporated in PRC;

"**Statutory Loss Absorption Powers**" means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (i) the transposition of the BRRD (including but not limited to the Portuguese General Framework for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*), established by Decree-Law No. 298/92 of 31 December 1992, as amended or superseded (including by any banking activity code that may enter into force)) and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

"**Subsidiary**" means any entity with respect to which the Issuer or the Guarantor, from time to time (i) owns, directly or indirectly, more than 50 per cent. of the share capital or similar right of ownership, or

(ii) owns or is able to exercise, directly or indirectly, more than 50 per cent. of the voting rights, or (iii) has the right to appoint the majority of the members of the board of directors, or (iv) whose financial statements are at such time, in accordance with applicable law and generally accepted accounting principles, consolidated with the Issuer's or, as the case may be, the Guarantor's financial statements;

"**Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

"**S&P**" means S&P Global Ratings Europe Limited;

"**TARGET Business Day**" means a day on which the TARGET System is operating;

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

"**Tax Law Change**" means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or a change in an official application or interpretation of those laws or regulations on or after the Reference Date, including a decision of any court or tribunal which becomes effective on or after the Reference Date;

"**UK**" means the United Kingdom;

"**VaR**" means value at risk; and

"**Withholding Tax Event**" shall be deemed to occur if, as a result of a Tax Law Change, in making any payments in respect of the Notes or the Guarantee the Issuer or the Guarantor has paid, or will or would on the next Interest Payment Date be required to pay, Additional Amounts in respect of the Notes or the Guarantee that cannot be avoided by the Issuer or the Guarantor, as the case may be, by taking measures reasonably available to it.

ISSUER

Haitong Bank, S.A.

Rua Alexandre Herculano, 38

1269-180 Lisboa

Portugal

GUARANTOR

Haitong Securities Co., Ltd.

No. 689, Guangdong Road

Shanghai, PRC

MANAGER

Haitong Bank, S.A.

Rua Alexandre Herculano, 38

1269-180 Lisboa

Portugal

LEGAL ADVISERS

To the Issuer as to Portuguese Law

Vieira de Almeida & Associados – Sociedade de Advogados SP RL

Rua Dom Luís I, 28

1200-151 Lisboa

Portugal

To the Issuer as to English Law

Dentons UK and Middle East LLP

One Fleet Place

London EC4M 7RA

United Kingdom

To the Guarantor as to PRC Law

Beijing Dentons Law Offices, LLP (Guangzhou)

14/F&15/F, CTF Finance Centre

No.6 Zhujiang East Road, Zhujiang New Town

Guangzhou, Guangdong, China

ISSUER'S AUDITORS

Deloitte & Associados – SROC, **S.A.**

Av. Engenheiro Duarte Pacheco, 7

1070-100 Lisboa

Portugal

PAYING AGENT

Haitong Bank, S.A.

Rua Alexandre Herculano, 38

1269-180 Lisboa

Portugal

LISTING AGENT

Banque Internationale à Luxembourg SA

69, route d'Esch

Office PLM +018ª

L-2953 Luxembourg

PROCESS AGENT

Haitong Bank, S.A., London Branch

8 Finsbury Circus, EC2M 7EA

London

United Kingdom

AGENT

Bondholders, S.L.

Avenida de Francia, 17, A, 1

46023 Valencia

Spain