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## **HAITONG INTERNATIONAL SECURITIES GROUP LIMITED**

**海通國際證券集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 665)**

### **PLACING OF CONVERTIBLE BONDS AND RESUMPTION OF TRADING**

#### **PLACING OF CONVERTIBLE BONDS**

On 24 October 2014, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has agreed to issue the Firm Bonds on or around 4 November 2014 to the subscribers procured by the Placing Agent on a best efforts basis.

In addition, the Company has granted to the Placing Agent the Option to place all or some of the Option Bonds at any time, on or before 4 November 2014.

The Bonds are convertible in the circumstances set out in the Terms and Conditions into ordinary shares of HK\$0.10 each in the issued share capital of the Company at an initial Conversion Price of HK\$6.00 per Share (subject to adjustments).

The initial Conversion Price is HK\$6.00 per Share, which represents (i) a premium of approximately 30.15% over the last closing price of HK\$4.61 per Share as quoted on the Stock Exchange on 23 October 2014 (being the last trading day before the Placing Agreement was signed); and (ii) a premium of approximately 33.63% over the average closing price of approximately HK\$4.49 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 23 October 2014.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$6.00 per Share, the Firm Bonds will be convertible into approximately 129,333,333 Shares, representing approximately 6.12% of the issued share capital of the Company as at the date of this announcement and approximately 5.61% of the enlarged issued share capital of the Company and the Option Bonds will be convertible into approximately 64,666,666 Shares, representing approximately 3.06% of the issued share capital of the Company as at the date of this announcement and approximately 2.80% of the enlarged issued share capital of the Company. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

The Bonds have not been offered or sold and shall not be offered or sold in Hong Kong to the public within the meaning of the Companies (WUMP) Ordinance and none of the Bonds will be placed with any connected persons of the Company.

The Bonds and the Conversion Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, shall not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

The maximum gross proceeds from the issue of the Bonds will be HK\$764,360,000 (assuming no Option Bonds are issued) and up to an aggregate of HK\$1,146,540,000 (assuming the Option Bonds are issued in full), and the estimated net proceeds from the issue of Bonds, after deduction of estimated expenses payable in connection with the offering of the Bonds (including but not limited to legal fees and other out-of-pocket expenses of the Company and the Placing Agent), will be approximately HK\$759,358,338 (assuming no Option Bonds are issued) and HK\$1,141,538,338 (assuming the Option Bonds are issued in full), which will be used by the Group to fund the expansion of business operations and for general corporate purposes.

The Bonds and the Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 15 April 2014. The subscription of the Bonds and the issue of the Conversion Shares by the Company are not subject to Shareholders' approval.

An application will be made for the listing of the Bonds on the SGX-ST. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Bonds.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares and the debt securities of the Company (stock code: 5801) have been suspended with effect from 9:00 a.m. on 24 October 2014 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares and the debt securities of the Company (stock code: 5801) on the Stock Exchange with effect from 9:00 a.m. on 27 October 2014.

**Completion of the Placing Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Placing Agreement may be terminated under certain circumstances. Please refer to the section headed “Placing Agreement” below for further information.**

**WARNING: As the Placing Agreement is subject to certain conditions, the Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **PLACING AGREEMENT**

### **Date**

24 October 2014

### **Parties**

1. The Company
2. Placing Agent

### **Placement of Convertible Bonds**

On 24 October 2014, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has agreed to issue the Firm Bonds on or around 4 November 2014 to the subscribers procured by the Placing Agent on a best efforts basis.

For the avoidance of doubt, the Placing Agent (which is a subsidiary of the Company) confirms to the Company that it will not, and in no circumstances will it be required to, subscribe for any of the Bonds.

## Conditions precedent

The obligations of the Company to issue the Bonds and the obligations of the Placing Agent under Placing Agreement in respect of placing of the Bonds are subject to, among others, the following conditions precedent:

1. the Placing Agent having been satisfied with the results of its due diligence investigations with respect to the Company and its subsidiaries for the purposes of preparation of the Offering Circular, and the Offering Circular having been prepared in form and content satisfactory to the Placing Agent and having been delivered to it;
2. the execution and delivery (on or before the Firm Bonds Closing Date) of the Trust Deed, the agency agreement, the letter of comfort from HSCL and other contracts in relation to the Bonds, each in a form satisfactory to the Placing Agent, by the respective parties;
3. HTIH having executed a lock-up agreement on or before the Firm Bonds Closing Date and such lock-up agreement shall have been in full force and effect on the Firm Bonds Closing Date and the Option Bonds Closing Date (if any);
4. auditors' letters from PricewaterhouseCoopers and Deloitte Touche Tohmatsu, Certified Public Accountants to the Company, having been delivered to the Placing Agent in form and substance satisfactory to the Placing Agent on the Publication Date and on the Firm Bonds Closing Date and the Option Bonds Closing Date (if any);
5. the representations and warranties of the Company in the Placing Agreement being true, accurate and correct at, and as if made on, the Publication Date, the Firm Bonds Closing Date and the Option Bonds Closing Date (if any); and the Company having performed all of its obligations under the Placing Agreement to be performed on or before such date;
6. after the date of the Placing Agreement or, if earlier, the dates as of which information is given in the Offering Circular, up to and at the Firm Bonds Closing Date and the Option Bonds Closing Date (if any), there shall not have occurred any change (nor any development or event involving a prospective change) to the condition (financial or otherwise), prospects, results of operations, business, properties or general affairs of the Company or of the Group, which, in the opinion of the Placing Agent, is material and adverse in the context of the issue and offering of the Bonds and from that set out in the Offering Circular;
7. the delivery (on or before the Firm Bonds Closing Date and the Option Bonds Closing Date (if any)) of copies of all consents and approvals required in relation to the issue of the Bonds, and the performance of the Company's obligations under the Trust Deed, the agency agreement and the Bonds (including the consents and approvals required from all lenders);
8. the Stock Exchange having granted approval for the listing of the Conversion Shares upon conversion of the Bonds, and the SGX-ST having granted approval for the listing of the Bonds, subject to any conditions reasonably satisfactory to the Placing Agent (or, in each case, the Placing Agent being satisfied that such listing will be granted); and

9. certain legal opinions having been delivered to the Placing Agent, each in form and substance satisfactory to the Placing Agent, on or before the Firm Bonds Closing Date and the Option Bonds Closing Date (if any) and such other resolutions, consents, authorities and documents relating to the issue of the Bonds as the Placing Agent may require.

The Placing Agent may, at its discretion, waive compliance with the whole or any part of the conditions precedent.

As at the date of this announcement, all the above conditions precedent to the completion of the Placing Agreement are yet to be satisfied and/or (as the case may be) waived. It is the intention of the Company to satisfy or procure the satisfaction of the above conditions precedent of the Placing Agreement before the Firm Bonds Closing Date.

### **Termination**

The Placing Agent may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds, in its sole discretion terminate the Placing Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Placing Agent any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Placing Agreement or any failure to perform any of the Company's undertakings or agreements in the Placing Agreement;
2. if any of the conditions precedent has not been satisfied or waived by the Placing Agent on or prior to the Firm Bonds Closing Date or the Option Bonds Closing Date (as the case may be);
3. if, in the opinion of the Placing Agent, there shall have been, since the date of the Placing Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in the Placing Agent's view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
4. if, in the opinion of the Placing Agent, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the SGX-ST and/or the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, Singapore, Hong Kong, the PRC and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the PRC, Singapore or the United Kingdom; (iv) a change or development involving a prospective change in taxation

affecting the Company, the Bonds and the Conversion Shares or the transfer thereof; or (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations; or

5. if, in the opinion of the Placing Agent, there shall have occurred any event or series of events (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

### **The Company's lock-up**

Neither the Company nor any person acting on its or their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Placing Agent between the date of the Placing Agreement and the date which is 90 calendar days after the later of the Firm Bonds Closing Date and (if any Option Bonds are issued) the Option Bonds Closing Date (both dates inclusive) except for (i) the Bonds and the Conversion Shares issued upon conversion of the Bonds, (ii) the Shares issued or options granted pursuant to the share option scheme disclosed in the annual report of the Company for the year ended 31 December 2013, (iii) the Shares to be issued on the conversion of the 2018 CB and (iv) the Shares to be issued in lieu of the whole or any part of a declared cash dividend which a Shareholder is entitled to receive.

### **Controlling shareholder's lock-up**

HTIH will also undertake that, for a period from the date of the Placing Agreement up to 90 calendar days after the Firm Bonds Closing Date and (if any Option Bonds are issued) the Option Bonds Closing Date (both dates inclusive), neither it nor any of its subsidiaries (if applicable) or affiliates or spouse (if applicable) or family members (if applicable) over which it exercises management or voting control, nor any person acting on its or their behalf will, without the prior written consent of the Placing Agent, (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Bonds or the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Lock-up Shares or securities of the same class as the Bonds, the Lock-up Shares or other instruments representing interests in the Bonds, the Lock-up Shares or other securities of the same class

as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing.

### **Controlling shareholder's letter of comfort**

HSCL will enter into a letter of comfort in favour of the Bondholders whereby it will undertake that during the term of the Bonds, *inter alia*, it will own, directly or indirectly, at least 51% of the share capital of the Company and it will use its best endeavours to procure the Company to perform the Company's obligations under the Trust Deed and the Bonds.

### **PRINCIPAL TERMS OF THE BONDS**

The proposed principal terms of the Bonds are summarised as follows:

Issuer:	The Company
Principal amount of the Firm Bonds:	HK\$776,000,000 aggregate principal amount of 1.25% convertible bonds due 2019
Principal amount of Option Bonds:	An additional HK\$388,000,000 aggregate principal amount of 1.25% convertible bonds due 2019
Maturity Date:	4 November 2019
Issue Price:	The issue price agreed between the Company and the Placing Agent
Interest:	The Bonds bear interest from (and including) the Firm Bonds Closing Date at the rate of 1.25% per annum of the principal amount of the Bonds and payable semi-annually in arrear on 4 November and 4 May in each year subject to the Terms and Conditions. The first interest payment date will be 4 May 2015.

After the conversion rights of the Bonds have been exercised or where such Bond is redeemed or repaid pursuant to the Terms and Conditions, each Bond will not bear any interest.

Status: The Bonds constitute direct, unconditional, unsubordinated, and (subject to the negative pledge covenant as described below) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the negative pledge covenant (as described below), at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

Form and Denomination: The Bonds will be in registered form in the denomination of HK\$2,000,000 each and integral multiples of HK\$1,000,000 in excess thereof.

The Bonds will be represented by a global bond certificate deposited with a common depository for, and representing the Bonds registered in the name of a nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*.

Conversion Period: Subject to certain conditions, each Bondholder has the right to convert his/her Bonds into Conversion Shares at the prevailing Conversion Price at any time on or after 14 December 2014 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the tenth day prior to the Maturity Date (both days inclusive) or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than 15 days (both days inclusive and at the place aforesaid) prior to the date fixed for redemption thereof or, if notice requiring redemption has been given by the Bondholder, then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.



Conversion Price:	The initial Conversion Price is HK\$6.00 per Share, which is subject to adjustment, amongst other things, upon the occurrence of (i) consolidation, subdivision or reclassification, (ii) capitalisation of profits or reserves, (iii) capital distributions, (iv) rights issues of Shares or options over Shares, (v) rights issues of other securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares), (vi) issues of any Shares (other than Shares issued upon exercise of the conversion rights of the Bonds or upon exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant of options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than the current market price, (vii) other issues at less than the current market price, (viii) modification of rights of conversion, (ix) other offers to Shareholders and if the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances whether or not specified above.
Ranking of Conversion Shares:	The Shares issued upon conversion of the Bonds will be fully-paid and in all respects rank <i>pari passu</i> with the Shares in issue on the relevant registration date.
Redemption at Maturity:	Unless previously redeemed, converted or purchased and cancelled in the circumstances set out in the Terms and Conditions, the Company will redeem each Bond at 105.11% of the principal amount together with accrued and unpaid interest thereon on the Maturity Date.
Redemption at the Option of the Bondholders:	The Company will, at the option of the Bondholders, redeem all or some only of such holders' Bonds on 4 November 2017 at 103.04% of their principal amount together with accrued and unpaid interest to the respective dates fixed for redemption.

Redemption for Taxation Reasons:

At any time prior to the Maturity Date, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), the Bonds may be redeemed at the option of the Company in whole, but not in part, at their Early Redemption Amount together with interest accrued to the tax redemption date, if (i) the Company has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of any jurisdiction where the Company is organised or otherwise considered by a taxing authority to be resident for tax purposes or any political organisation or governmental authority thereof or therein having power to tax, Hong Kong or any political organisation or governmental authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the Placing Agreement, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, *provided that* no notice to redeem the Bonds for such taxation reasons shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

Each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the provisions of Condition 9 of the Terms and Conditions shall not apply in respect of any payment of principal, interest or premium to be made in respect of such Bond whereupon no additional amounts shall be payable in respect thereof, and payment of all amounts shall be made subject to the deduction or withholding of any tax required to be deducted or withheld.

Redemption at the Option of the Company:

On giving not less than 30 nor more than 60 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company:

- (i) may at any time after 4 November 2017 and prior to the Maturity Date redeem in whole, but not in part, of the Bonds for the time being outstanding at the Early Redemption Amount together with accrued and unpaid interest to the date fixed for redemption, *provided that* (a) the closing price of the Shares for each of any 20 trading days within a period of 30 consecutive trading days, the last of which occurs not more than five trading days prior to the date upon which notice of such redemption is published was at least 130% of the Early Redemption Amount divided by the then prevailing Conversion Ratio and (b) the applicable redemption date does not fall within a closed period; or
- (ii) may at any time prior to the Maturity Date, redeem in whole but not in part, the Bonds for the time being outstanding at the Early Redemption Amount, together with accrued and unpaid interest to the date fixed for redemption *provided that* prior to the date of such notice at least 90% in principal amount of the Bonds originally issued (including any further bonds issued and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled.

Redemption for Delisting, Suspension of Trading or Change of Control:

Following the occurrence of any of the following events:

- (i) when the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive trading days on the Stock Exchange or, if applicable, the Alternative Stock Exchange; or
- (ii) when there is a Change of Control,

each Bondholder will have the right at its option, to require the Company to redeem all or some only of its Bonds at the Early Redemption Amount, together with accrued and unpaid interest to the date fixed for redemption.

Negative Pledge:

The Company undertakes that, so long as any of the Bonds remains outstanding, it will not, and will procure that none of its Subsidiaries will, create or permit to be outstanding any Encumbrance upon the whole or any part of their respective present or future assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless the Company shall, in the case of the creation of such Encumbrance, at the same time or prior thereto, and in any other case, promptly, taking any and all action necessary to ensure that: (A) all amounts payable under the Bonds are secured by such Encumbrance equally and rateably with the Relevant Indebtedness or benefit from a guarantee or indemnity in substantially identical terms thereto: or (B) such other Encumbrance or other arrangement (whether or not it includes the giving of an Encumbrance) is provided as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

## **CONVERSION PRICE AND CONVERSION SHARES**

The initial Conversion Price is HK\$6.00 per Share, which represents (i) a premium of approximately 30.15% over the last closing price of HK\$4.61 per Share as quoted on the Stock Exchange on 23 October 2014 (being the last trading day before the Placing Agreement was signed); and (ii) a premium of approximately 33.63% over the average closing price of approximately HK\$4.49 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 23 October 2014.

The Conversion Price was determined with reference to the prevailing market price of the Shares and the Terms and Conditions (including the redemption options) and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$6.00 per Share, the Firm Bonds will be convertible into approximately 129,333,333 Shares, representing approximately 6.12% of the issued share capital of the Company as at the date of this announcement and approximately 5.61% of the enlarged issued share capital of the Company and the Option Bonds will be convertible into approximately 64,666,666 Shares, representing approximately 3.06% of the issued share capital of the Company as at the date of this announcement and approximately 2.80% of the enlarged issued share capital of the Company. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

## EFFECT ON SHAREHOLDINGS

The table below sets out a summary of the shareholdings in the Company (i) as at the date of this announcement and (ii) upon the exercise in full of the conversion rights attached to the Bonds:

Shareholders	As at the date of this announcement		Upon full conversion of the Bonds at the initial Conversion Price of HK\$6.00 each	
	No. of Shares	Approximate %	No. of Shares	Approximate %
HTIH (Note)	1,451,121,080	68.69%	1,451,121,080	62.91%
Other Shareholders	661,502,824	31.31%	661,502,824	28.68%
Bondholders				
Firm Bonds are fully converted	—	—	129,333,333	5.61%
Option Bonds are fully converted	—	—	64,666,666	2.80%
Total	<u>2,112,623,904</u>	<u>100%</u>	<u>2,306,623,903</u>	<u>100%</u>

Note: HSCL held the entire issued share capital of HTIH.

## USE OF PROCEEDS

The maximum gross proceeds from the issue of the Bonds will be HK\$764,360,000 (assuming no Option Bonds are issued) and up to an aggregate of HK\$1,146,540,000 (assuming the Option Bonds are issued in full), and the estimated net proceeds from the issue of Bonds, after deduction of estimated expenses payable in connection with the offering of the Bonds (including but not limited to legal fees and other out-of-pocket expenses of the Company and the Placing Agent), will be approximately HK\$759,358,338 (assuming no Option Bonds are issued) and HK\$1,141,538,338 (assuming the Option Bonds are issued in full), which will be used by the Group to fund the expansion of business operations and for general corporate purposes.

## REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS

The Board considers that the issue of the Bonds represents an opportunity to potentially enlarge and diversify the shareholder base of the Company, to improve the liquidity position of the Group, to reduce the financing costs of the Group and to raise further working capital for the Company. The Board currently intends to use the funds as mentioned above and considers that this will facilitate the overall development and expansion of the Group.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement and the issue of the Bonds are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the issue of the Bonds is in the interests of the Company and the Shareholders as a whole.

## **GENERAL MANDATE FOR THE ISSUE OF THE BONDS AND THE CONVERSION SHARES**

At the annual general meeting of the Company held on 15 April 2014, an ordinary resolution was passed to refresh a general mandate to the Directors to allot, issue and deal with additional Shares up to a limit of 20% of the aggregate nominal amount of the issued share capital of the Company, which amounted to 279,191,924 Shares. As at the date of this announcement, such general mandate has been partly utilised with respect to 4,449,468 Shares, and the general mandate with respect to the remaining 274,742,456 Shares is unutilised. The Bonds and the Conversion Shares will be allotted and issued by the Company pursuant to such general mandate and the subscription of the Bonds and the issue of the Conversion Shares by the Company are not subject to Shareholders' approval.

## **FUND-RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS**

Save as disclosed in this announcement and apart from the equity fund-raising activity mentioned below, the Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

<b>Date of initial announcement</b>	<b>Equity fund-raising activity</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds</b>
22 April 2014	Rights issue of 697,979,812 rights shares at the rights issue price of HK\$3.80 each on the basis of one rights share for every two existing shares held on 8 May 2014, being the record date.	The Group intended to apply 70%, 10% and 20% (or approximately HK\$1,850,000,000, HK\$260,000,000 and HK\$533,423,000) of the net proceeds from the rights issue for further development of the Group's business, refinancing and general corporate purpose respectively.	As at the date of this announcement, the Group has utilised all the net proceeds from the rights issue as intended.

## **GENERAL INFORMATION**

The principal activities of the Group comprise securities, futures, options and bullion contracts brokerage, the provision of nominee and custodian services, the provision of corporate advisory, placing and underwriting services, the provision of investment management services, the provision of margin financing and structured financing, trading and market making activities and proprietary securities trading.

## **APPLICATION FOR LISTING**

An application will be made for the listing of the Bonds on the SGX-ST. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Bonds.

**Completion of the Placing Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Placing Agreement may be terminated under certain circumstances. Please refer to the section headed “Placing Agreement” above for further information.**

**WARNING: As the Placing Agreement is subject to certain conditions, the Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares and debt securities of the Company (stock code: 5801) have been suspended with effect from 9:00 a.m. on 24 October 2014 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares and debt securities of the Company (stock code: 5801) on the Stock Exchange with effect 9:00 a.m. on 27 October 2014.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“2018 CB”	HK\$776,000,000 1.25% convertible bonds due 2018 and HK\$232,000,000 1.25% convertible bonds due 2018 issued by the Company on 18 July 2013 and 10 October 2013, respectively
“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Bond(s) from time to time
“Bonds”	the Firm Bonds together with the Option Bonds
“Change of Control”	occurs when  (i) HSCL or any successor entity (whether directly or indirectly, or as the beneficiary of a trust) ceases to maintain Control of the Company; or

(ii) the merger, amalgamation or consolidation of the Company with or into another person (other than an Excepted Person) or the merger or amalgamation of another person with or into the Company, or the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries taken as a whole, unless the consolidation, merger, sale or transfer will not result in the other person or persons (other than an Excepted Person) acquiring Control over the Company or the successor entity

“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Haitong International Securities Group Limited (Stock Code: 665), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Control”	(a) the acquisition or holding of legal or beneficial ownership or control of more than 50% of the voting rights of the issued share capital of the Company, or (b) the right to appoint and/or remove all or the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Conversion Price”	the price per Conversion Share (subject to adjustments) at which the Bonds may be converted into the Shares
“Conversion Ratio”	the principal amount of each Bond divided by the applicable Conversion Price
“Conversion Share(s)”	the Shares to be issued upon conversion of the Bonds pursuant to the Trust Deed and the Terms and Conditions
“Directors”	the directors of the Company
“Early Redemption Amount”	an amount calculated in accordance with the formula set out in the Terms and Conditions
“Encumbrance”	any mortgage, pledge, security interest, lien or charge, other than lien arising by operation of law
“Excepted Person”	HSCL or its successor entity or any of its subsidiaries



“Firm Bonds”	an initial aggregate principal amount of HK\$776,000,000 1.25% convertible bonds due 2019 to be issued by the Company
“Firm Bonds Closing Date”	on or around 4 November 2014
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSCL”	Haitong Securities Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, whose overseas listed foreign invested shares are listed on the Main Board of the Stock Exchange (Stock code: 6837) and the domestic listed shares are listed on Shanghai Stock Exchange (Stock code: 600837) and the ultimate controlling shareholder of the Company
“HTIH”	Haitong International Holdings Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company, holding approximately 68.69% of the issued share capital of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Shares”	1,451,121,080 Shares held by HTIH directly (or through nominees) or indirectly through companies controlled by it or the subsidiaries of such companies (or through their respective nominees)
“Maturity Date”	the date on which the Bonds will be redeemed, unless previously redeemed, converted or purchased and cancelled, which is expected to be on 4 November 2019
“Offering Circular”	the offering circular to be prepared by the Company for use in connection with the issue of the Bonds and the listing of the Bonds on the SGX-ST
“Option”	an option granted by the Company to the Placing Agent to place all or some of the Option Bonds
“Option Bonds”	an additional HK\$388,000,000 aggregate principal amount of 1.25% convertible bonds due 2019
“Option Bonds Closing Date”	a date on which the Options Bonds are issuable under the Placing Agreement

“Placing Agent”	Haitong International Securities Company Limited, a subsidiary of the Company
“Placing Agreement”	the placing agreement dated 24 October 2014 entered into among the Company and the Placing Agent in connection with the issue and offering of the Bonds
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Publication Date”	the publication date of the Offering Circular, which shall not be later than three business days prior to the Firm Bonds Closing Date
“Relevant Indebtedness”	any indebtedness which is in the form of or represented by debentures, loan stock, bonds, notes, or other similar securities which (with the consent of the issuer of the indebtedness) for the time being are, or which are capable of being quoted, listed or ordinarily dealt in on any stock exchange or over the counter or on any other securities market and shall not include any Structured Product (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) which is not issued for capital raising purposes, any and all bi-lateral loans, syndicated loans or club deal loans
“Securities Act”	the United States Securities Act of 1933 (as amended)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “Subsidiary”	of any person is to (i) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees or equivalent body of such company or other business entity or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles from time to time of Bermuda or Hong Kong, should have its accounts consolidated with those of that person
“Terms and Conditions”	the terms and conditions of the Bonds

“Trust Deed”	the trust deed constituting the Bonds to be entered into between the Company and the Trustee on or around the Firm Bonds Closing Date
“Trustee”	The Bank of New York Mellon, London Branch
“United States”	the United States of America
“%”	percentage

On Behalf of the Board  
**Haitong International Securities Group Limited**  
**LAU Yik Chi**  
*Company Secretary*

Hong Kong, 24 October 2014

*As at the date of this announcement, the Board comprises Mr. JI Yuguang (Chairman)\*, Mr. LI Jianguo (Deputy Chairman), Mr. LIN Yong (Deputy Chairman and Managing Director), Mr. POON Mo Yiu Mr. HUI Yee Wilson, Mr. CHENG Chi Ming Brian\*, Ms. WANG Meijuan\*, Mr. TSUI Hing Chuen William\*\*, Mr. LAU Wai Piu\*\*, Mr. LIN Ching Yee Daniel\*\* and Mr. WEI Kuo-chiang\*\*.*

\* *Non-executive Directors*

\*\* *Independent Non-executive Directors*