

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **HAITONG INTERNATIONAL SECURITIES GROUP LIMITED**, you should at once hand this circular and the accompanying form of election to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

INTERIM DIVIDEND FOR THE 6 MONTHS ENDED 30 JUNE 2019
AND SCRIP DIVIDEND IN RELATION THERETO

24 September 2019

DEFINITIONS

In this circular including the Form of Election, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Branch Share Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong
“CCASS”	Central Clearing and Settlement System operated by Hong Kong Exchanges and Clearing Limited
“Company”	Haitong International Securities Group Limited (Stock Code: 665), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Convertible Bonds”	the HK\$1,164,000,000 1.25% convertible bonds due 2019 issued on 4 November 2014 by the Company, which are listed on SGX
“Director(s)”	the director(s) of the Company
“Ex-Dividend Date”	Thursday, 5 September 2019
“Form of Election”	the form of election in relation to the Scrip Dividend accompanying this circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interim Dividend”	the interim dividend of HK9 cents per Share for the 6 months ended 30 June 2019
“Macau”	Macau Special Administrative Region of the People’s Republic of China
“New Share(s)”	fully paid new Share(s) to be allotted and issued as Scrip Dividend
“Record Date”	Wednesday, 11 September 2019

DEFINITIONS

“Scrip Dividend”	the New Share(s) to be allotted and issued as alternative to cash payment for the Interim Dividend for election by the Shareholders
“Scrip Dividend Scheme”	the scheme under which the eligible Shareholders may elect to receive the Interim Dividend in cash, or in the form of New Shares in lieu of cash, or partly in cash and partly in New Shares
“SGX”	The Singapore Exchange Securities Trading Limited
“Share(s)”	share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) whose name(s) appeared on the register of members of the Company at the close of business on the Record Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	The United Kingdom of Great Britain and Northern Ireland
“US”	United States of America or any of its territories or possessions

TIMETABLE

The timetable set out below is indicative only:

Closure of the register of members of the Company Monday, 9 September 2019
to Wednesday, 11 September 2019
(both dates inclusive)

Record Date for determination of entitlements to
the Interim Dividend Wednesday, 11 September 2019

Trading days for determination of market value of
New Shares Friday, 6 September 2019
to Thursday, 12 September 2019

Announcement setting out the basis of allotment of
New Shares Thursday, 12 September 2019

Latest time for return of the Form of Election to
the Branch Share Registrar² 4:30 p.m. on Monday, 14 October 2019

Despatch of certificates for New Shares and
cash dividend warrants on or about Friday, 25 October 2019

Commencement of dealings in New Shares on or about Monday, 28 October 2019

Notes:

1. All times refer to Hong Kong local time.
2. The Form of Election should be completed in accordance with the instructions printed thereon and returned, so that they are received by the Branch Share Registrar **no later than 4:30 p.m. on Monday, 14 October 2019 at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong**. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning: (i) in force in Hong Kong at any local time at or before 12:00 noon and no longer in force after 12:00 noon on Monday, 14 October 2019, the deadline will remain to be 4:30 p.m. on the same day; or (ii) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Monday, 14 October 2019, the new deadline will be 4:30 p.m. on the next business day which does not have either of such warnings in force at any time between 9:00 a.m. and 4:30 p.m.



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)

Board of Directors:

Executive Directors

Mr. LIN Yong (*Deputy Chairman and Chief Executive Officer*)

Mr. LI Jianguo (*Deputy Chairman*)

Mr. POON Mo Yiu

Mr. SUN Jianfeng

Mr. SUN Tong

Non-executive Directors

Mr. QU Qiuping (*Chairman*)

Mr. CHENG Chi Ming Brian

Ms. WANG Meijuan

Mr. ZHANG Xinjun

Mr. William CHAN

Independent Non-executive Directors

Mr. TSUI Hing Chuen William JP

Mr. LAU Wai Piu

Mr. WEI Kuo-chiang

Mr. WAN Kam To

Ms. LIU Yan

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of

Business in Hong Kong:

22nd Floor, Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

24 September 2019

*To the shareholders of the Company and, for information purposes only,
the holders of the outstanding share options and debentures of the Company*

Dear Sir or Madam

**INTERIM DIVIDEND FOR THE 6 MONTHS ENDED 30 JUNE 2019
AND SCRIP DIVIDEND IN RELATION THERETO**

1. PARTICULARS OF THE INTERIM DIVIDEND

It was announced on 23 August 2019 that the Board declared the Interim Dividend to the Shareholders whose names appeared on the register of members of the Company on the Record Date. Shareholders may elect to receive the Interim Dividend in cash, or in the form of New Shares in lieu of cash, or partly in cash and partly in New Shares. As

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announced on 23 August 2019, the register of members of the Company was closed from Monday, 9 September 2019 to Wednesday, 11 September 2019, both dates inclusive, during which period no transfer of Shares was registered. In order to qualify for the Interim Dividend, all transfers of Shares, accompanied by the relevant share certificates, had to be lodged with the Branch Share Registrar for registration not later than 4:30 p.m. on Friday, 6 September 2019.

2. PARTICULARS OF THE SCRIP DIVIDEND AND NEW SHARES

Shareholders qualifying for the Interim Dividend may elect to receive:

- (a) the cash amount of HK9 cents for each Share held on the Record Date; or
- (b) an allotment and issue of New Shares; or
- (c) partly in cash and partly in New Shares.

To calculate the number of New Shares to be allotted under choices (b) and (c) above, the market value of a New Share will be equal to 97% of the average closing price per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately after the Ex-Dividend Date, i.e. from Friday, 6 September 2019 to Thursday, 12 September 2019 (both dates inclusive) (rounded down to 4 decimal places). It has been determined that said average price is HK\$2.374. Accordingly, the number of New Shares which the Shareholders could receive under choices (b) and (c) above in respect of the existing Shares registered in their names as at the Record Date will be as follows:

$$\begin{array}{rclcl} \text{Number of} & & \text{Number of Shares held} & & \\ \text{New Shares to} & = & \text{on the Record Date for} & \times & \frac{\text{HK9 cents (Interim Dividend per Share)}}{\text{HK\$2.374} \times 97 / 100} \\ \text{be received} & & \text{which New Shares are} & & \\ & & \text{elected} & & \end{array}$$

The number of New Shares to be issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the New Shares under choices (b) and (c) above will be disregarded and the benefit thereof will accrue to the Company.

3. CONDITIONS OF THE SCRIP DIVIDEND

The issue of the Scrip Dividend is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the New Shares to be issued in respect of the Interim Dividend.

If the condition is not satisfied, the Scrip Dividend will not become effective and the Form of Election will be void. The Interim Dividend will then be paid wholly in cash.

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4. THE FORM OF ELECTION

The Form of Election is enclosed with this circular for use by the Shareholders who wish to receive the Interim Dividend wholly in the form of New Shares or partly in cash and partly in New Shares in lieu of cash, or to make a permanent election to receive Shares in lieu of any future dividend to be payable in cash where a scrip alternative is available.

Shareholders who wish to elect to receive Scrip Dividend in lieu of cash must complete the Form of Election in accordance with the instructions printed thereon and return them to the Branch Share Registrar not later than 4:30 p.m. on Monday, 14 October 2019. No acknowledgement of receipt of the Form of Election will be issued.

Shareholders who wish to receive the Interim Dividend wholly in cash should not complete the Form of Election.

No Form of Election will be sent to Shareholder who has made earlier a permanent election to receive New Shares in lieu of cash. Any such Shareholder wishing to change his/her/its existing permanent election for New Shares and to elect to receive cash this time, please write to Branch Share Registrar for such intention on or before Friday, 4 October 2019.

5. OVERSEAS SHAREHOLDERS

As at the Record Date, the addresses of some of the Shareholders as shown on the register of members of the Company were in certain overseas jurisdictions, namely, Macau, the UK and the US.

The Company has made enquiries with legal advisers regarding the legal restrictions and prospectus registration requirements and exemptions, if any, for the Shareholders resident outside Hong Kong to receive the Scrip Dividend. The Company was advised by its legal advisers that there are applicable legal or regulatory requirements or restrictions in the US, and the Board considered that, as additional time and resources are required to ascertain the satisfaction of the relevant requirements or exemptions, it would not be practical or expedient and not beneficial to the Company as a whole to include such Shareholder(s) with registered address(es) in the aforesaid jurisdiction (the “**Excluded Shareholder(s)**”) in the Scrip Dividend Scheme and such Shareholder(s) will receive the Interim Dividend wholly in cash. The Directors considered such exclusion to be necessary and expedient. The Excluded Shareholder(s) is/are therefore not eligible Shareholder(s) for the purposes of the Scrip Dividend Scheme. This circular is sent to such Shareholder(s) for information only and no Form of Election is being sent to such Shareholder(s).

For the avoidance of doubt, the Company does not exclude Shareholders whose addresses as shown on the register of members of the Company on the Record Date are outside Hong Kong (with the exception of the Excluded Shareholder(s)) from participating in the Scrip Dividend Scheme. However, such Shareholders should consult their professional advisers as to whether or not they are permitted under applicable laws

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and regulations to participate in the Scrip Dividend Scheme or whether any government or other consents are required or other formalities need to be observed. No Shareholder receiving a copy of this circular and/or a Form of Election in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to it/him/her without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities at own cost of such Shareholder. Persons who receive New Shares in lieu of the cash dividend must also comply with any restrictions on the resale of the Shares which may apply outside Hong Kong. The New Shares are not being offered to the public and the Form of Election is not transferable.

This circular does not constitute a prospectus for the purposes of Regulation (EU) 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 (the “**Prospectus Regulation**”) by virtue of Article 1.4(c) of the Prospectus Regulation and has not been approved by or filed with a competent authority in the UK.

Other than this circular posted on the website of SGX in relation to the Convertible Bonds, none of this circular, the Form of Election nor New Shares will be registered or filed under the securities laws or equivalent legislation of any jurisdiction outside Hong Kong.

6. ADJUSTMENTS IN RELATION TO SHARE OPTIONS

In accordance with the share option scheme of the Company adopted on 8 June 2015, the allotment of New Shares may result in an adjustment to the exercise price and/or the number of Shares in respect of the options granted by the Company which have not been fully exercised. Such adjustments shall give the option holders the same proportion of the issued share capital of the Company as that to which such option holders are previously entitled, but no such adjustments shall be made where, and to the extent that, such adjustments would result in any Shares being issued at less than their nominal value.

The necessary adjustments shall be confirmed by an independent financial adviser or the Company’s auditors in writing to the Directors. If and when any adjustments have to be made, the Company will notify the option holders in accordance with the said share option scheme.

7. LISTING OF NEW SHARES AND DESPATCH OF CERTIFICATES

The Shares are listed, and dealt in, on the Stock Exchange. No part of the share capital of the Company is listed or dealt in on any other stock exchange and the Company is not currently seeking to list its Shares on any other stock exchange. The Company issued Convertible Bonds on 4 November 2014, which are listed on SGX and the Company issued HK\$3,880,000,000 zero coupon convertible bonds due 2021 on 25 October 2016, which are listed on the Stock Exchange.

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Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares to be allotted and issued in relation to the Interim Dividend. Subject to the approval of the Stock Exchange, the commencement of dealings in the New Shares on the Stock Exchange is expected to be on or about Monday, 28 October 2019 and thereupon the New Shares will be accepted as eligible securities for deposit, clearance and settlement on CCASS.

It is expected that the certificates for New Shares (which, when issued, will rank pari passu in all respects with the Shares in issue on the date of the allotment and issue of the New Shares save that they will not be entitled to Interim Dividend) and cash dividend warrants for payment of the Interim Dividend will be sent by ordinary mail to Shareholders at the risk of those entitled thereto on or about Friday, 25 October 2019. All certificates for the New Shares are non-renounceable.

8. ODD LOTS

New Shares issued to the Shareholders pursuant to an election to receive some or all of their Interim Dividend in New Shares may be allocated in odd lots (of fewer than a board lot of 1,000 Shares). No special arrangements will be put in place by the Company to facilitate the top-up, trading or disposal of New Shares issued in odd lots.

9. GENERAL

Whether or not it is to your advantage to receive cash or the New Shares, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects (including any tax implication) resulting therefrom are the sole responsibility of each Shareholder. If you are in doubt as to what to do, you should consult your professional advisers.

Shareholders who are trustees are recommended to seek professional advice as to whether the choice of receiving the Interim Dividend in New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Shareholders should note that any receipt of New Shares by them may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Shareholders who are in doubt as to how these provisions may affect them are recommended to seek professional advice.

Yours faithfully
By order of the Board
LIN Yong
Deputy Chairman and Chief Executive Officer