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

The communication of this announcement and any other document or materials relating to the issue of the Bonds offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the Bonds offered hereby are only available to, and any investment or investment activity to which this announcement relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this announcement or any of its contents.



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)

ISSUANCE OF US\$700,000,000 3.375 PER CENT. BONDS DUE 2024

The Board is pleased to announce that on 9 July 2019, the Company and the Managers entered into the Subscription Agreement in connection with the Bonds in the aggregate principal amount of US\$700,000,000.

The Company will conduct an international offering of the Bonds to professional investors only. The Bonds will only be offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. None of the Bonds will be offered to the public in Hong Kong.

The proceeds from the Bonds are intended to be used primarily for the Company's refinancing and general corporate purposes. The Company may adjust the foregoing plan in response to changing market conditions and thus, reallocate the use of proceeds.

A confirmation of the eligibility for the listing of the Bonds has been received from the Stock Exchange. Admission of the Bonds to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Bonds.

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

SUBSCRIPTION AGREEMENT

Date: 9 July 2019

Parties:

- (1) the Company; and
- (2) the Managers.

The Bonds have not been and will not be registered under the Securities Act and shall not be offered or sold within the United States subject to certain exceptions. The Bonds will only be offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. None of the Bonds will be offered to the public in Hong Kong.

PRINCIPAL TERMS AND CONDITIONS

Bonds offered

Subject to satisfaction of conditions precedent to closing, the Company will issue the Bonds in the aggregate principal amount of US\$700,000,000. The Bonds will mature on 19 July 2024, unless previously redeemed, purchased or cancelled in accordance with the Terms and Conditions and the Trust Deed. At maturity, the Bonds will be redeemed at their principal amounts.

Issue Price

The issue price of the Bonds will be 99.808 per cent. of the principal amount.

Interest

The Bonds will bear interest from and including 19 July 2019 at the rate of 3.375 per cent. per annum, payable semi-annually in arrear on 19 January and 19 July of each year.

Ranking of the Bonds

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all the Company's other present and future unsecured and unsubordinated obligations.

Redemption

Unless previously redeemed, purchased or cancelled, the Bonds will be redeemed at their principal amount on 19 July 2024. The Bonds may not be redeemed at the option of the Company other than in accordance with Condition 6.

In accordance with the Terms and Conditions, the Bonds may be redeemed in any of the following circumstances:

- (1) the Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption) in the event of certain changes or amendments affecting taxes of Bermuda, Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations of such jurisdictions, which change or amendment becomes effective on or after 9 July 2019; and
- (2) at any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds), the holder of each Bond will have the right, at such holder's option, to require the Company to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. of their principal amount, together with accrued interest up to but excluding such Put Settlement Date.

PROPOSED USE OF PROCEEDS

The proceeds from the Bonds are intended to be used primarily for the Company's refinancing and general corporate purposes. The Company may adjust the foregoing plan in response to changing market conditions and thus, reallocate the use of proceeds.

LISTING AND RATING

A confirmation of the eligibility for the listing of the Bonds has been received from the Stock Exchange. Admission of the Bonds to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Bonds.

The Bonds are expected to be rated "BBB" by S&P and "Baa2" by Moody's. The Company has been assigned a corporate rating of "BBB" long-term credit rating with a stable outlook by S&P and "Baa2" long-term credit rating with a stable outlook by Moody's. These ratings reflect S&P's and Moody's assessment of the likelihood of timely payment of the principal of and interest on the Bonds. The ratings do not address the payment of any additional amounts and do not constitute recommendation to buy, sell or hold the Bonds inasmuch as such ratings do not comment as to market price or suitability for a particular investor.

There can be no assurance that the ratings will remain in effect for any period or that the ratings will not be suspended, upgraded, reduced or withdrawn by S&P's or Moody's in the future if, in their judgment, circumstances so warrant. Such ratings should be evaluated independently of any other rating on the Bonds, on any other securities of the Company or on the Company.

GENERAL

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

Board	the board of Directors
Bondholder(s)	holder(s) of the Bonds
Bonds	US\$700,000,000 in aggregate principal amount of 3.375 per cent. Bonds due 2024 proposed to be issued by the Company
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
Condition	the condition stipulated in the Terms and Conditions
Director(s)	Director(s) of the Company
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Managers	the managers in respect of the offer and sale of the Bonds, namely, Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, Industrial and Commercial Bank of China (Asia) Limited, Industrial and Commercial Bank of China Limited, Singapore Branch, Standard Chartered Bank, Agricultural Bank of China Limited Hong Kong Branch, Bank of Communications Co., Ltd. Hong Kong Branch, BOSCO International Company Limited, Haitong Bank, S.A., Oversea-Chinese Banking Corporation Limited, Orient Securities (Hong Kong) Limited, Ping An of China Securities (Hong Kong) Company Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch
Moody's	Moody's Investors Service, Inc.
PRC	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan area
Securities Act	the United States Securities Act of 1933, as amended
S&P	Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.
Shareholder(s)	holder(s) of the shares of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Subscription Agreement	a subscription agreement entered into amongst the Company and the Managers on 9 July 2019

Terms and Conditions	the terms and conditions of the Bonds, which are appended to the Trust Deed
Trust Deed	the trust deed proposed to be entered into between the Company and the Trustee in relation to the Bonds as amended or supplemented from time to time
Trustee	The Hongkong and Shanghai Banking Corporation Limited
United States	the United States of America, its territories and possessions and all areas subject to its jurisdiction
US\$	United States dollars, the lawful currency of the United States

By order of the Board
Haitong International Securities Group Limited
LO Wai Ho
Company Secretary

Hong Kong, 10 July 2019

As at the date of this announcement, the Board comprises Mr. QU Qiuping (Chairman), Mr. LIN Yong (Deputy Chairman and Chief Executive Officer), Mr. LI Jianguo (Deputy Chairman), Mr. POON Mo Yiu, Mr. SUN Jianfeng, Mr. SUN Tong, Mr. CHENG Chi Ming Brian*, Ms. WANG Meijuan*, Mr. ZHANG Xinjun*, Mr. William CHAN*, Mr. TSUI Hing Chuen William**, Mr. LAU Wai Piu**, Mr. WEI Kuo-chiang**, Mr. WAN Kam To** and Ms. LIU Yan**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*