

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 2018
AND SCRIP DIVIDEND IN RELATION THERETO**

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, 6 September 2018
“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 HK7.6 cents per Share for the 6 months ended 30 June 2018
“Macau”	Macau Special Administration 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, 12 September 2018
“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
“SGX”	The Singapore Exchange Securities Trading Limited

DEFINITIONS

“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

TIMETABLE

The timetable set out below is indicative only:

Closure of the register of members of the Company Monday, 10 September 2018
to Wednesday, 12 September 2018
(both dates inclusive)

Record Date for determination of entitlements to
the Interim Dividend Wednesday, 12 September 2018

Trading days for determination of market value
of New Shares Friday, 7 September 2018
to Thursday, 13 September 2018

Announcement setting out the basis of allotment
of New Shares Thursday, 13 September 2018

Latest time for return of the Form of Election
to the Branch Share Registrar² 4:30 p.m. on Thursday, 11 October 2018

Despatch of certificates for New Shares and
cash dividend warrants on or about Wednesday, 24 October 2018

Commencement of dealings in New Shares on or about Thursday, 25 October 2018

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 Thursday, 11 October 2018 at Level 22, 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 Thursday, 11 October, 2018, 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 Thursday, 11 October, 2018, 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

26 September 2018

*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 2018
AND SCRIP DIVIDEND IN RELATION THERETO**

1. PARTICULARS OF THE INTERIM DIVIDEND

It was announced on 24 August 2018 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

LETTER FROM THE BOARD

Shares in lieu of cash, or partly in cash and partly in the form of New Shares. As announced on 24 August 2018, the register of members of the Company was closed from Monday, 10 September 2018 to Wednesday, 12 September 2018, 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, 7 September 2018.

2. PARTICULARS OF THE SCRIP DIVIDEND AND NEW SHARES

Shareholders qualifying for the Interim Dividend may elect to receive:

- (a) the cash amount of HK7.6 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 the form of 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, 7 September 2018 to Thursday, 13 September 2018 (both dates inclusive) (rounded down to 4 decimal places). It has been determined that said average price is HK\$2.584. 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:

$$\begin{array}{lcl} \text{Number of} & & \text{Number of Shares} \\ \text{New Shares to} & = & \text{held on the Record} \\ \text{be received} & & \text{Date for which New} \\ & & \text{Shares are elected} \end{array} \times \frac{\text{HK7.6 cents (Interim Dividend per Share)}}{\text{HK\$2.584} \times 97/100}$$

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.

LETTER FROM THE BOARD

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 the form of 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 Thursday, 11 October 2018. 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 Thursday, 4 October 2018.

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, the UK and Macau.

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 Interim Dividend in the form of New Shares. 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 from participating in the Scrip Dividend. However, such Shareholders should consult their professional advisers as to whether or not they are permitted under applicable laws and regulations to participate in the Scrip Dividend 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 an Election Form 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 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.

LETTER FROM THE BOARD

This circular does not constitute a prospectus for the purposes of the Prospectus Rules made by the Financial Conduct Authority (the relevant UK regulator), made pursuant to Part VI of the Financial Services and Markets Act 2000 pursuant to European Union Directive (2003/71/EC) by virtue of Article 4.1 (d) of that Directive 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 schemes of the Company adopted on 23 August 2002 and 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 schemes.

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.

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares to be allotted and issued in relation to the Interim Dividend. Subject to such approval being granted, the commencement of dealings in the New Shares on the Stock Exchange is expected to be on or about Thursday, 25 October 2018 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) 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 Wednesday, 24 October 2018. All certificates for the New Shares are non-renounceable.

LETTER FROM THE BOARD

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