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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)

CONNECTED TRANSACTION

PURCHASE OF HKD INDEX-LINKED NOTE WITH KNOCK-OUT CALL

The Board wishes to announce that on 15 June 2015 (after trading hours), Haitong International Financial has entered into a trade with Haitong International Strategic in relation to the Purchase by Haitong International Financial of a HKD Index-linked Note with Knock-out Call pursuant to the Note Purchase Agreement.

As Haitong Securities is the sole shareholder of Haitong International Holdings which is the controlling shareholder of the Company, Haitong Securities is a connected person of the Company under the Listing Rules. As Haitong International Strategic is an indirectly wholly-owned subsidiary of Haitong Securities, Haitong International Strategic therefore is a connected person of the Company. Haitong International Financial is an indirectly wholly-owned subsidiary of the Company. Accordingly, the transaction contemplated under the Note Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio in relation to the Purchase exceeds 0.1% but is less than 5%, the Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement.

The defined terms used below should be read in conjunction with the definitions set out at the end of this announcement.

On 15 June 2015 (after trading hours), Haitong International Financial has entered into a trade with Haitong International Strategic in relation to the Purchase of a HKD Index-linked Note with Knock-out Call pursuant to the Note Purchase Agreement.

THE NOTE PURCHASE AGREEMENT

Date: As of the Trade Date

Parties: Haitong International Strategic, as the issuer of the Note
Haitong International Financial, as the purchaser of the Note

The principal amount of the Note: HKD741,804,000

Subject to the terms and conditions of the Note Purchase Agreement and the Note, Haitong International Strategic agrees to sell to Haitong International Financial and Haitong International Financial agrees to buy from Haitong International Strategic the Note to be issued on the Issue Date. The principal amount of the Note will be settled by Haitong International Financial by cash paid to Haitong International Strategic's account on the Issue Date of the Note.

THE NOTE

The Note is a one-year structured note to be issued by Haitong International Strategic and linked to the CSI 300 Index (Bloomberg: SHSZ300:IND) ("Index") compiled and calculated by the China Securities Index Co., Ltd. ("Index Sponsor"). The principal amount of the Note is HKD741,804,000 ("Principal Amount"). Unless the Note has been previously redeemed or purchased and cancelled, the Note will mature on the Maturity Date. On the Maturity Date, Haitong International Strategic shall redeem the Note, in whole but not in part, by paying Haitong International Financial a cash settlement amount.

The cash settlement amount shall be determined based on whether a Knock-out Event (as defined below) has occurred or, if not, the closing level of the Index on the Valuation Date ("Final Level"). A Knock-out Event ("Knock-out Event") occurs if the spot level of the Index has at any time on or prior to the Valuation Date of the Note exceeded the trigger level. The trigger level will be between 114.5% and 115.5% (to be determined between the parties by the Issue Date) of the closing level of the Index on the Issue Date ("Initial Level").

If (a) a Knock-out Event has occurred, or (b) no Knock-out Event has occurred and the Final Level is at or below the Initial Level, the cash settlement amount shall equal the product of (i) 100% plus a percentage rate that is no more than 3% and no less than 2% to be determined between the parties by the Issue Date ("Agreed Rate") and (ii) the Principal Amount. If no Knock-out Event has occurred and the Final Level is above the Initial Level, the cash settlement amount shall equal the product of (i) 100% plus Agreed Rate plus 50% of the upside performance of the Index, and (ii) the Principal Amount.

The Principal Amount is based on the principal amount of a pass-through structured note linked to the Index to be issued by Haitong International Financial to its own independent end client. The cash settlement amount is based on the funding cost in this Note which is in line with the funding costs of the Company for its own debts generally.

INFORMATION ON HAITONG INTERNATIONAL STRATEGIC

The principal business of Haitong International Strategic comprises securities and derivatives investment and product issuance.

INFORMATION ON THE COMPANY

The principal business of the Group comprises 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 securities margin financing and leveraged and acquisition financing, trading and market making activities, structured products issuance and investment.

REASONS FOR AND BENEFITS OF THE PURCHASE TO THE COMPANY

Haitong International Financial intends to use the Note to hedge its risks relating to a pass-through structured note linked to the Index to be issued to its own client.

Taking into consideration the above factors, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Purchase (including the terms and conditions of the Note and the Note Purchase Agreement) are fair and reasonable on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

As Haitong Securities is the sole shareholder of Haitong International Holdings which is the controlling shareholder of the Company, Haitong Securities is a connected person of the Company under the Listing Rules. As Haitong International Strategic is an indirectly wholly-owned subsidiary of Haitong Securities, Haitong International Strategic therefore is a connected person of the Company. Haitong International Financial is an indirectly wholly-owned subsidiary of the Company. Accordingly, the transaction contemplated under the Note Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio in relation to the Purchase exceeds 0.1% but is less than 5%, the Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Directors have a material interest in the Note Purchase Agreement and the transaction contemplated thereunder and no Directors are required to abstain from voting on the board resolutions approving the Note Purchase Agreement and the transaction contemplated thereunder.

DEFINITIONS

“Board”	the board of Directors
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company together with its subsidiaries from time to time
“Haitong International Financial”	Haitong International Financial Solutions Limited, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company
“Haitong International Holdings”	Haitong International Holdings Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of Haitong Securities and the controlling shareholder of the Company
“Haitong International Strategic”	Haitong International Strategic Investment Limited, a company incorporated in the British Virgin Islands and an indirectly wholly-owned subsidiary of Haitong Securities
“Haitong Securities”	Haitong Securities Co., Ltd., a joint stock company incorporated in the People’s Republic of China with limited liability, whose overseas listed foreign invested shares are listed on the Main Board of the Stock Exchange (stock code: 6837) and Shanghai Stock Exchange (stock code: 600837), and the holding company of Haitong International Holdings
“HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	Scheduled to be 5 Hong Kong and Shanghai business days after the Trade Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Maturity Date”	Scheduled to be 5 Hong Kong and Shanghai business days after the Valuation Date
“Note”	the HKD Index-linked Note with Knock-out Call to be issued by Haitong International Strategic to Haitong International Financial pursuant to the Note Purchase Agreement
“Note Purchase Agreement”	the note purchase agreement in relation to the Note entered into between Haitong International Strategic and Haitong International Financial dated as of the Trade Date
“Purchase”	the purchase of the HKD Index-linked Note with Knock-out Call by Haitong International Financial pursuant to the Note Purchase Agreement
“Shanghai”	Shanghai City of the People’s Republic of China
“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trade Date”	15 June 2015 (after trading hours)
“Valuation Date”	Scheduled to be 1 year after the Issue Date

By order of the Board
Haitong International Securities Group Limited
LIN Yong
Deputy Chairman and Managing Director

Hong Kong, 15 June 2015

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. William CHAN*, 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*