

# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this prospectus or as to the action to be taken, 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 the Company, you should at once hand this prospectus and the accompanying PAL (as defined) and EAF (as defined) to the purchaser(s) or transferee(s) or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of this prospectus, together with copies of the PAL and the EAF, and (where applicable) the document specified in the paragraph headed "Documents Delivered to the Registrar of Companies" in Appendix III to this prospectus have been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as defined). The Registrar of Companies in Hong Kong, the SFC (as defined) and the Registrar of Companies in Bermuda take no responsibility as to the contents of any of these documents.

Subject to the granting of the listing of and permission to deal in the Nil Paid Rights (as defined) and the Rights Shares (as defined) on the Stock Exchange (as defined) as well as compliance with the stock admission requirements of HKSCC (as defined), the Nil Paid Rights and the Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS (as defined) with effect from the respective commencement dates of dealings in the Nil Paid Rights and the Rights Shares or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in securities of the Company, the Nil Paid Rights and the Rights Shares may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

The attention of Shareholders (as defined) with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding shares on behalf of Beneficial Owners (as defined) with such addresses is drawn to the paragraph headed "Non-Qualifying Shareholders" in the "Letter from the Board" in this prospectus.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this prospectus, the PAL and the EAF, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of any of these documents.

The securities described in this prospectus have not been registered under the US Securities Act (as defined) or the laws of any state in the United States (as defined), and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil Paid Rights or Rights Shares or to take up any entitlements to the Nil Paid Rights or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.



## 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)

### RIGHTS ISSUE AT THE RIGHTS ISSUE PRICE OF HK\$3.80 EACH ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Joint Global Coordinators of the Rights Issue



Haitong International  
Securities Company Limited



Joint Bookrunners of the Rights Issue



Haitong International  
Securities Company Limited



NOMURA



Joint Underwriters of the Rights Issue



Haitong International Holdings Limited



The Latest Time for Acceptance of and payment for the Rights Shares is 4:00 p.m. on Friday, 23 May 2014. The procedures for application of Rights Shares are set out in the paragraph headed "Procedures for acceptance and payment or transfer" on pages 18 to 22 of this prospectus.

It should be noted that the Joint Underwriters may, upon giving notice in writing to the Company, terminate the Underwriting Agreement (as defined) with immediate effect at any time prior to the Latest Time for Termination, upon the occurrence of certain events, including force majeure events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 32 to 34 of this prospectus. If the Joint Underwriters exercise such right, the Rights Issue will not proceed. Upon the giving of written notice of termination, all the obligations of the Joint Underwriters and the Company under the Underwriting Agreement shall cease and no party shall have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights and obligations under the Underwriting Agreement, including rights of the parties thereto in respect of any antecedent breach).

Shareholders should note that the existing Shares have been dealt in on an ex-rights basis from Monday, 28 April 2014. The Nil Paid Rights will be dealt in from Tuesday, 13 May 2014 to Tuesday, 20 May 2014 (both days inclusive). If, prior to the Latest Time for Termination, the Joint Underwriters terminate the Underwriting Agreement or if the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" in the "Letter from the Board" in this prospectus are otherwise not fulfilled, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this prospectus up to the date on which the conditions of the Rights Issue are fulfilled, which is currently expected to be 4:00 p.m. on Monday, 26 May 2014, and any dealings in the Nil Paid Rights from Tuesday, 13 May 2014 to Tuesday, 20 May 2014 (both days inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the Nil Paid Rights, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

Friday, 9 May 2014

## NOTICES

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed, in which case, a further announcement will be made by the Company at the relevant time. It should be noted that the existing Shares have been dealt in on an ex-rights basis from Monday, 28 April 2014, and the Nil Paid Rights will be dealt in from Tuesday, 13 May 2014 to Tuesday, 20 May 2014 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled. Any person dealing in the securities of the Company up to the date on which such conditions are fulfilled and any person dealing in the Nil Paid Rights from Tuesday, 13 May 2014 to Tuesday, 20 May 2014 (being the first and last day of dealings in the Nil Paid Rights, respectively) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the Nil Paid Rights, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

**EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL PAID RIGHTS INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.** This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil Paid Rights or fully-paid Rights Shares or to take up any entitlements to the Nil Paid Rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the Nil Paid Rights, the fully-paid Rights Shares, this prospectus, the PAL and the EAF will be registered under the securities laws of any of the jurisdictions other than in Hong Kong and none of the Nil Paid Rights, the fully-paid Rights Shares, this prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Nil Paid Rights and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any of the jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the paragraph headed “Non-Qualifying Shareholders” under the section headed “Letter from the Board” of this prospectus.

## NOTICES

Each person acquiring the Nil Paid Rights and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the Nil Paid Rights and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the Nil Paid Rights and/or Rights Shares described in this prospectus.

For a description of certain restrictions regarding the taking up of the Nil Paid Rights for, and the offering and sale of, the Rights Shares, see the notices below.

### **FORWARD-LOOKING STATEMENTS**

All statements in this prospectus other than statements of historical fact are forward looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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## DEFINITIONS

*In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings:*

|                                                                 |                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Announcement”                                                  | the announcement of the Company dated Tuesday, 22 April 2014 relating to the Rights Issue                                                                                                                                                                                               |
| “associate(s)”                                                  | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                |
| “Beneficial Owner(s)”                                           | any beneficial owner(s) of Shares whose Shares are registered as shown in the register of members of the Company in the name of a Registered Shareholder                                                                                                                                |
| “Board”                                                         | the board of Directors                                                                                                                                                                                                                                                                  |
| “Business Day”                                                  | any weekday (other than a Saturday, a Sunday or a day on which a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks generally are open for business in Hong Kong |
| “Bye-laws”                                                      | the bye-laws of the Company, as amended from time to time                                                                                                                                                                                                                               |
| “CCASS”                                                         | the Central Clearing and Settlement System established and operated by HKSCC                                                                                                                                                                                                            |
| “Closing Date”                                                  | the date on which the obligations of the Joint Underwriters under the Underwriting Agreement become unconditional, which is expected to be Monday, 26 May 2014 or such later date as the Company and the Joint Underwriters may agree in writing                                        |
| “Committed Shares”                                              | the 500,904,360 Rights Shares which HTIH has undertaken to take up pursuant to the Underwriting Agreement                                                                                                                                                                               |
| “Companies (Winding Up and Miscellaneous Provisions) Ordinance” | the 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, the shares of which are listed on the Main Board of the Stock Exchange                                                                                      |
| “Conditional Listing Approval”                                  | the conditional grant of the listing of, and permission to deal in, the Nil Paid Rights and Rights Shares on the Main Board of the Stock Exchange                                                                                                                                       |
| “connected person”                                              | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                |

## DEFINITIONS

|                         |                                                                                                                                                                                                                                                              |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Conversion Shares”     | the Shares to be issued by the Company pursuant to the conversion of the Convertible Bonds                                                                                                                                                                   |
| “Convertible Bonds”     | the HK\$776,000,000 1.25% convertible bonds due 2018 issued on 18 July 2013 and the HK\$232,000,000 1.25% convertible bonds due 2018 issued on 10 October 2013, such Convertible Bonds being listed on the Singapore Exchange Securities Trading Limited     |
| “Despatch Date”         | 9 May 2014 or such later date as may be agreed between the Company and the Joint Underwriters for the despatch of the Prospectus Documents                                                                                                                   |
| “Director(s)”           | director(s) of the Company                                                                                                                                                                                                                                   |
| “EAF(s)”                | the form(s) of application issued for use by the Qualifying Shareholders who wish to apply for excess Rights Shares                                                                                                                                          |
| “Final Acceptance Date” | Friday, 23 May 2014 (or such other date as the Joint Underwriters may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares)                           |
| “Group”                 | the Company and its subsidiaries                                                                                                                                                                                                                             |
| “HK\$”                  | Hong Kong dollar, the lawful currency of Hong Kong                                                                                                                                                                                                           |
| “HKSCC”                 | Hong Kong Securities Clearing Company Limited                                                                                                                                                                                                                |
| “Hong Kong”             | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                       |
| “HSBC”                  | The Hongkong and Shanghai Banking Corporation Limited                                                                                                                                                                                                        |
| “HTIH”                  | Haitong International Holdings Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company, holding approximately 71.76% of the issued share capital of the Company as at the Latest Practicable Date |
| “HTISCL”                | Haitong International Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities within the meaning of the SFO     |

## DEFINITIONS

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Intermediary”                  | in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the Beneficial Owner’s Shares with a CCASS participant                                                                                 |
| “Joint Underwriters”            | HTIH and Qilu International Securities                                                                                                                                                                                                                                                                                                                                                              |
| “Last Trading Day”              | Tuesday, 22 April 2014, being the date of the Underwriting Agreement                                                                                                                                                                                                                                                                                                                                |
| “Latest Practicable Date”       | 2 May 2014, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein                                                                                                                                                                                                                                         |
| “Latest Time for Acceptance”    | the latest time for acceptance of, and payment for, the Rights Shares, which is expected to be 4:00 p.m. on the Final Acceptance Date                                                                                                                                                                                                                                                               |
| “Latest Time for Termination”   | 5:00 p.m. on the Business Day following the Final Acceptance Date, or such later date as the Company and the Joint Underwriters may agree in writing                                                                                                                                                                                                                                                |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                                                                                                                                                                                                 |
| “Nil Paid Rights”               | rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Rights Issue Price is paid                                                                                                                                                                                                                                                                         |
| “Non-Qualifying Shareholder(s)” | those Overseas Shareholder(s) or such other persons whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Overseas Shareholder(s)”       | Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong                                                                                                                                                                                             |
| “PAL(s)”                        | the renounceable provisional allotment letter(s) issued to the Qualifying Shareholders in connection with the Rights Issue                                                                                                                                                                                                                                                                          |
| “PRC” or “China”                | the People’s Republic of China                                                                                                                                                                                                                                                                                                                                                                      |

## DEFINITIONS

|                                 |                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Prospectus Documents”          | this prospectus, the PAL(s) and the EAF(s) proposed to be despatched to the Qualifying Shareholders on the Despatch Date and any such supplementary prospectus to be despatched to the Qualifying Shareholders (if required)                                                                                                                            |
| “Qilu International Capital”    | Qilu International Capital Limited, a corporation licensed under the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities                                                                                                                                                                      |
| “Qilu International Securities” | Qilu International Securities Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities                                                                                                                                                                          |
| “Qualifying Shareholder(s)”     | Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholders (if any)                                                                                                                                                                       |
| “Record Date”                   | Thursday, 8 May 2014, being the record date by reference to which entitlements to the Rights Issue were determined                                                                                                                                                                                                                                      |
| “Registered Shareholder”        | in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorized custodian or third party which is the registered shareholder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested                                                                            |
| “Registrar”                     | the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong                                                                                                                                                                       |
| “Remaining Shares”              | number of the Underwritten Shares not taken up                                                                                                                                                                                                                                                                                                          |
| “Rights Issue”                  | the proposed issue of Rights Shares at the Rights Issue Price on the basis of one (1) Rights Share for every two (2) existing Shares in issue and held on the Record Date by the Qualifying Shareholders on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents, payable in full upon acceptance |
| “Rights Issue Price”            | HK\$3.80 per Rights Share                                                                                                                                                                                                                                                                                                                               |
| “Rights Share(s)”               | the new Share(s) to be issued and allotted under the Rights Issue, being 697,979,812 Shares                                                                                                                                                                                                                                                             |
| “SFC”                           | the Securities and Futures Commission of Hong Kong                                                                                                                                                                                                                                                                                                      |

## DEFINITIONS

|                                               |                                                                                                                                                                                                                                           |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “SFO”                                         | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)                                                                                                                                                               |
| “Share Option Scheme”                         | the share option scheme adopted by the Company on Friday, 23 August 2002 for the benefit of certain eligible participants and expired on 22 August 2012                                                                                   |
| “Share Option(s)”                             | the option(s) which were validly vested and exercisable by the holders entitling them to subscribe for a total of 29,631,243 Shares as at the Latest Practicable Date                                                                     |
| “Shareholder(s)”                              | the holder(s) of issued Share(s)                                                                                                                                                                                                          |
| “Share(s)”                                    | ordinary share(s) of HK\$0.10 each in the share capital of the Company                                                                                                                                                                    |
| “Stock Exchange”                              | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                   |
| “taken up/take up/taking up”                  | the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs which have been lodged, accompanied by cheques or other remittances, for the full amount payable in respect thereof |
| “Underwriting Agreement”                      | the underwriting agreement dated Tuesday, 22 April 2014 entered into among the Company, the Joint Underwriters and HTISCL in relation to the underwriting arrangement in respect of the Rights Issue                                      |
| “Underwritten Shares”                         | the 197,075,452 Rights Shares, being all the Rights Shares other than the Committed Shares, severally underwritten by the Joint Underwriters pursuant to the terms of the Underwriting Agreement                                          |
| “US\$”                                        | US dollar, the lawful currency of the United States                                                                                                                                                                                       |
| “US Securities Act”                           | the US Securities Act of 1933, as amended                                                                                                                                                                                                 |
| “United States” or “US” or “U.S.” or “U.S.A.” | the United States of America (including its territories and possessions, any state in the US and the district of Columbia                                                                                                                 |
| “%”                                           | percentage or per centum                                                                                                                                                                                                                  |

## EXPECTED TIMETABLE

*The expected timetable for the Rights Issue is set out below:*

**2014**

|                                                                                                                                              |                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| First day of dealing in Nil Paid Rights . . . . .                                                                                            | Tuesday, 13 May                   |
| Latest time for splitting Nil Paid Rights . . . . .                                                                                          | 4:30 p.m. on<br>Thursday, 15 May  |
| Last day of dealing in Nil Paid Rights . . . . .                                                                                             | Tuesday, 20 May                   |
| Latest Time for Acceptance of and payment for<br>Rights Shares and application and payment<br>for excess Rights Shares . . . . .             | 4:00 p.m. on<br>Friday, 23 May    |
| Latest time for the Rights Issue to<br>become unconditional . . . . .                                                                        | 4:00 p.m. on<br>Monday, 26 May    |
| Announcement of the results of the Rights Issue<br>to be posted on the Stock Exchange's and<br>the Company's websites on or before . . . . . | Friday, 30 May                    |
| Refund cheques for wholly and partially<br>unsuccessful excess applications<br>to be posted on or around . . . . .                           | Tuesday, 3 June                   |
| Share certificates for fully-paid Rights Shares<br>to be posted on or around . . . . .                                                       | Tuesday, 3 June                   |
| Dealing in Rights Shares in fully-paid<br>form commences . . . . .                                                                           | 9:00 a.m. on<br>Wednesday, 4 June |

All times and dates in this prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this prospectus are indicative only and may be extended or varied by the Company and the Joint Underwriters. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or

|                           |
|---------------------------|
| <b>EXPECTED TIMETABLE</b> |
|---------------------------|

2. a “black” rainstorm warning

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Final Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## SUMMARY OF THE RIGHTS ISSUE

*The following information is derived from, and should be read in conjunction with and, subject to, the full text of this prospectus.*

### RIGHTS ISSUE

A summary of the Rights Issue is set out below:

|                                                                      |                                                                                                                 |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Basis of the Rights Issue                                            | : One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date |
| Number of existing Shares in issue as at the Latest Practicable Date | : 1,395,959,624 Shares                                                                                          |
| Number of Rights Shares                                              | : 697,979,812 Rights Shares                                                                                     |
| Rights Issue Price                                                   | : HK\$3.80 per Rights Share                                                                                     |
| Joint Underwriters                                                   | : HTIH and Qilu International Securities                                                                        |
| Joint Global Coordinators                                            | : HTISCL and Qilu International Capital                                                                         |
| Joint Bookrunners <sup>#</sup>                                       | : HTISCL, Qilu International Capital, Nomura International (Hong Kong) Limited and UBS AG, Hong Kong Branch     |
| Enlarged issued share capital upon completion of the Rights Issue    | : 2,093,939,436 Shares                                                                                          |
| Excess applications                                                  | : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment                  |

<sup>#</sup> *The Joint Bookrunners (except for HTISCL) are not party to the Underwriting Agreement, have no underwriting commitment and are not acting as underwriter or otherwise involved in the distribution of the securities of the Company to investors in any way.*

|                                                  |
|--------------------------------------------------|
| <b>TERMINATION OF THE UNDERWRITING AGREEMENT</b> |
|--------------------------------------------------|

**Termination of the Underwriting Agreement**

The Joint Underwriters shall have the right to rescind or terminate the Underwriting Agreement by notice in writing given by Qilu International Securities (on behalf of the Joint Underwriters) to the Company at any time prior to the Latest Time for Termination, if:

- (a) any matter or circumstance arises as a result of which any of the conditions set out in the Underwriting Agreement has become incapable of satisfaction as at the required time;
- (b) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Joint Underwriters, or there has been a breach on the part of the Company, HTIH or HTISCL of any other provisions of the Underwriting Agreement, or the Joint Underwriters have cause to believe that any such breach has occurred;
- (c) any statement contained in this prospectus has become or been discovered to be untrue, inaccurate, incomplete or misleading in any material respect;
- (d) any matter arises or is discovered which would, if this prospectus was to be issued at the time, constitute material omission therefrom;
- (e) there is any event or change or any other reason (whether or not permanent) which would or may result in that a supplemental prospectus or any document of a similar nature is or will be or is required to be issued in circumstances where the matter to be disclosed, in the absolute opinion of the Joint Underwriters, prejudicially and materially affects or may prejudicially and materially affect the success of the Rights Issue, or makes or may make it inadvisable or inexpedient to proceed with the Rights Issue;
- (f) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the sole opinion of the Joint Underwriters acting in good faith is material in the context of the Rights Issue; or

## TERMINATION OF THE UNDERWRITING AGREEMENT

- (g) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
- (i) any change in, or any event or series of events likely to result in any change in (whether or not permanent) local, national or international financial, political, economic, military, industrial, legal, fiscal, regulatory, currency or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in Hong Kong, the United States, the European Union or the PRC;
  - (ii) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders, judgements, decrees or rulings of any governmental authority (the “**Laws**”) or changes in existing Laws or any development including a prospective change in existing Laws in Hong Kong or any other place in which any member of the Group conducts or carries on business;
  - (iii) any event of force majeure affecting Hong Kong, the United States, the European Union or the PRC including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike or lock-out (whether or not covered by insurance);
  - (iv) the declaration of a banking moratorium by PRC, Hong Kong, European Union or United States authorities;
  - (v) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the London Stock Exchange, the New York Stock Exchange or NASDAQ or any major disruption of any securities settlement or clearing services in Hong Kong;
  - (vi) any suspension of dealings in the Shares for a period of more than two Business Days (other than any announcement regarding the Rights Issue),

which, in the sole opinion of the Joint Underwriters: (1) has or will have, or is likely to have, a material adverse effect on the financial condition, prospects, assets, business, results of operations or liabilities of the Group, taken as a whole, whether or not arising in the ordinary course of business or is or will be, or is likely to be, materially adverse to any present or prospective Shareholder in its capacity as such;

## **TERMINATION OF THE UNDERWRITING AGREEMENT**

(2) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or (3) makes it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in the Announcement and the Prospectus Documents.

**In the event Qilu International Securities (on behalf of the Joint Underwriters) exercises the right to terminate the Underwriting Agreement upon the giving of written notice of termination prior to the Latest Time for Termination, all the obligations of the parties under the Underwriting Agreement shall cease and terminate immediately and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach).**

**If Qilu International Securities (on behalf of the Joint Underwriters) exercises such right, the Rights Issue will not proceed. A further announcement will be made if the Underwriting Agreement is terminated by the Joint Underwriters.**

LETTER FROM THE BOARD



**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. LI Jianguo (*Deputy Chairman*)

Mr. LIN Yong (*Deputy Chairman  
and Managing Director*)

Mr. POON Mo Yiu

Mr. HUI Yee Wilson

***Non-executive Directors***

Mr. JI Yuguang (*Chairman*)

Mr. CHENG Chi Ming Brian

Ms. WANG Meijuan

***Independent Non-executive Directors***

Mr. TSUI Hing Chuen William *JP*

Mr. LAU Wai Piu

Mr. LIN Ching Yee Daniel

Mr. WEI Kuo-chiang

**Registered Office:**

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

**Principal Place of Business  
in Hong Kong:**

22/F., Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

Friday, 9 May 2014

*To the Qualifying Shareholders and, for information purposes only,  
the holders of the Share Options and the trustee and agent  
of the holders of the Convertible Bonds*

Dear Sirs/Madams,

**RIGHTS ISSUE AT THE RIGHTS ISSUE PRICE OF  
HK\$3.80 EACH ON THE BASIS OF  
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES  
HELD ON THE RECORD DATE**

**INTRODUCTION**

The Company proposes to raise approximately HK\$2,652.32 million before expenses by way of a rights issue of Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Rights Issue Price of HK\$3.80 per Rights Share.

## LETTER FROM THE BOARD

The purpose of this prospectus is to provide you with further information about the Rights Issue, including information on dealings, transfers and acceptance of the Rights Shares, and financial information and other information of the Group.

### RIGHTS ISSUE

#### Rights Issue statistics

|                                                                      |                                                                                                                 |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Basis of the Rights Issue                                            | : One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date |
| Number of existing Shares in issue as at the Latest Practicable Date | : 1,395,959,624 Shares                                                                                          |
| Number of Rights Shares                                              | : 697,979,812 Rights Shares                                                                                     |
| Rights Issue Price                                                   | : HK\$3.80 per Rights Share                                                                                     |
| Joint Underwriters                                                   | : HTIH and Qilu International Securities                                                                        |
| Joint Global Coordinators                                            | : HTISCL and Qilu International Capital                                                                         |
| Joint Bookrunners <sup>#</sup>                                       | : HTISCL, Qilu International Capital, Nomura International (Hong Kong) Limited and UBS AG, Hong Kong Branch     |
| Enlarged issued share capital upon completion of the Rights Issue    | : 2,093,939,436 Shares                                                                                          |
| Excess applications                                                  | : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment                  |

As at the Latest Practicable Date, there are 29,631,243 Share Options outstanding with the rights to subscribe for 29,631,243 Shares.

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the aggregate principal amount of HK\$1,008,000,000 convertible into 274,659,400 Conversion Shares upon full exercise of the Convertible Bonds at the prevailing conversion price of HK\$3.67 per Conversion Share (such number of Conversion Shares exceeds the number of Conversion Shares permitted under the general mandate of the Company granted at the annual general meeting of the Company held on 19 April 2013 by 56,589 Conversion Shares. The excess Conversion Shares, being a total of 56,589 Conversion Shares, will fall under the general mandate granted at the annual general meeting of the Company held on 15 April 2014).

<sup>#</sup> *The Joint Bookrunners (except for HTISCL) are not party to the Underwriting Agreement, have no underwriting commitment and are not acting as underwriter or otherwise involved in the distribution of the securities of the Company to investors in any way.*

## LETTER FROM THE BOARD

As at the Latest Practicable Date, save for the outstanding Share Options and Convertible Bonds as detailed above, the Company had no other outstanding derivatives, options, warrants, conversion rights or other similar rights which were convertible or exchangeable into or confer any right to subscribe for Shares.

The aggregate number of Nil Paid Rights proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 50.00% of the Company's issued share capital as at the Record Date and approximately 33.33% of the Company's issued share capital as enlarged by the Rights Issue.

### **Rights Issue Price**

The Rights Issue Price for the Rights Shares is HK\$3.80 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of Nil Paid Rights applies for the Rights Shares.

The Rights Issue Price represents:

- (a) a discount of approximately 11.21% to the closing price of HK\$4.28 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 12.64% to the average closing price of approximately HK\$4.35 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 14.80% to the average closing price of HK\$4.46 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Date;
- (d) a discount of approximately 7.77% to the theoretical ex-rights price of approximately HK\$4.12 per Share based on the closing price of HK\$4.28 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a premium of approximately 7.95% over the audited consolidated net asset value attributable to equity holders of the Company per Share as at 31 December 2013 of approximately HK\$3.52; and
- (f) a discount of approximately 2.06% to the closing price of HK\$3.88 per Share, the dealings of which are on ex-rights basis, as quoted on the Stock Exchange on the Latest Practicable Date.

Each Rights Share will have a par value of HK\$0.10.

## LETTER FROM THE BOARD

The Rights Issue Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day, the financial conditions of the Company and the current market conditions. Each Qualifying Shareholder will be entitled to subscribe for Rights Shares at the Rights Issue Price in proportion to his/her/its shareholding on the Record Date.

The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Rights Issue Price (and the discounts to the relative values indicated above) to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares with the Registrar on or before the Latest Time for Acceptance.

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares, except that the fully-paid Rights Shares will not entitle the holders thereof to the final dividend of HK\$0.11 per Share for the year ended 31 December 2013 as approved by the Shareholders at the annual general meeting of the Company held on Tuesday, 15 April 2014.

### **Fractions of the Rights Shares**

The Company will not provisionally allot and will not accept applications for any fraction of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). All Nil Paid Rights arising from such aggregation will be provisionally allotted (in nil-paid form) to HTISCL, and will be sold in the market by HTISCL as an agent and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregated fractions of Nil Paid Rights will be made available for excess application by the Qualifying Shareholders. No odd lot matching services will be provided.

### **Qualifying Shareholders**

The Company will send the Prospectus Documents to Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company on the Record Date; and
2. not be a Non-Qualifying Shareholder.

## LETTER FROM THE BOARD

In order to be registered as members of the Company on the Record Date, the Shareholders must have already lodged any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 29 April 2014.

Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of this prospectus to the Non-Qualifying Shareholders, and will send this prospectus to the holders of the Share Options and the trustee and agent of the holders of the Convertible Bonds for their information only but will not send any PAL or EAF to them.

Qualifying Shareholders who take up their pro rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### **Non-Qualifying Shareholders**

The Prospectus Documents have not been and will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong.

According to the register of members of the Company as at the Record Date, all the Shareholders have registered addresses in Hong Kong. Based on these records, all the Shareholders as at the Record Date were Qualifying Shareholders and there was no Non-Qualifying Shareholder for the purpose of the Rights Issue. Shareholders or investors are advised to consider the matters set out under the paragraph headed "Procedures for Acceptance and Payment or Transfer" in this section before applying for the Rights Shares.

No person receiving a PAL or an EAF in any territory or jurisdiction other than Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof or where the offer is made in reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board's judgment, be unduly burdensome.

Notwithstanding any other provision in the Prospectus Documents, the Company reserves the right to permit any Shareholder or investor (whether as a direct holder or Beneficial Owner) whose registered address is in, or who is otherwise residing in, a jurisdiction other than Hong Kong to take up his/her/its Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction.

Receipt of this prospectus and/or a PAL and/or an EAF or the crediting of Nil Paid Rights to any stock account (including in CCASS) does not and will not constitute an offer in any jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a PAL and/or an EAF must be treated as sent for information only and

## LETTER FROM THE BOARD

should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer Nil Paid Rights to any person in, into or from, any jurisdiction outside Hong Kong, unless an offer of Rights Shares and Nil Paid Rights into such jurisdiction could lawfully be made without compliance with any registration or other legal or regulatory requirements or where the offer is made in reliance on any exemption or where compliance with the relevant legal or regulatory requirements will not, in the Board's judgement, be unduly burdensome. If a PAL or an EAF or the crediting of Nil Paid Rights in CCASS is received by any person in any such territory, or by his/her/its agents, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the Nil Paid Rights in CCASS unless the Company, in its absolute discretion, determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or a PAL and/or an EAF in, into or from, any jurisdiction outside Hong Kong (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

**It is the responsibility of anyone wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to treat as invalid any acceptances of or applications for, or purported acceptances of or applications for, the Rights Shares where it believes that such acceptance or application, or purported acceptance or application, would violate the applicable securities or other laws or regulations of any territory or jurisdiction or if in respect thereof the Shareholder or its agent has not given the declaration set out in the PAL and/or EAF in respect of such matters.**

The Company will not make any arrangement for the Nil Paid Rights of Beneficial Owners who are located or residing in jurisdictions outside of Hong Kong ("**Overseas Beneficial Owners**"). All Overseas Beneficial Owners should seek their own legal advice as to whether or not they may under the laws and regulations of the relevant jurisdiction in which they are residing, acquire and sell Nil Paid Rights in the market, and any other requirements and restrictions relating thereto. Overseas Beneficial Owners who hold interests in Shares through CCASS, their nominees, custodians or other intermediaries may sell on their behalf, their entitlements to the Nil Paid Rights in compliance with applicable securities laws and

## LETTER FROM THE BOARD

distribute the proceeds thereof as appropriate. Any such Nil Paid Rights which are not sold in the market by such Overseas Beneficial Owners will be made available for excess applications on EAFs by Qualifying Shareholders.

### **Procedures for acceptance and payment or transfer**

#### ***General***

Any person (including, without limitation, agents, custodians, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders with registered addresses in, and Beneficial Owners or persons who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses or residence is drawn to the sections above headed “Non-Qualifying Shareholders”.

Each purchaser of Nil Paid Rights or subscriber of Rights Shares being offered and sold outside the United States in reliance on Regulation S under the US Securities Act will be deemed (by accepting delivery of this prospectus) to have agreed and given each of the following representations and warranties to the Company and the Joint Underwriters and to any person acting on their behalf, unless in their sole discretion the Company and the Joint Underwriters waive such requirement expressly in writing:

- he/she/it was a Shareholder on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil Paid Rights, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the Nil Paid Rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- he/she/it is not residing or located in, or a citizen of, the United States;
- he/she/it is not accepting an offer to acquire or take up the Nil Paid Rights and/or Rights Shares on a non-discretionary basis for a person who is residing or located in, or a citizen of, the United States at the time the instruction to accept was given;
- he/she/it is not taking up for the account of any person who is located in the United States, unless:
  - (a) the instruction to purchase or take up the Nil Paid Rights or to subscribe for or accept Rights Shares was received from a person outside the United States, and
  - (b) the person giving such instruction has confirmed that it (x) has the authority to give such instruction, and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that it is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;

## LETTER FROM THE BOARD

- he/she/it is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring Nil Paid Rights or Rights Shares with a view to the offer, sale, allotment, taking up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such Nil Paid Rights or Rights Shares into the United States; and
- he/she/it understands that neither the Nil Paid Rights nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the US and the Nil Paid Rights and Rights Shares are being distributed and offered only outside the US in reliance on Regulation S under the US Securities Act. Consequently he/she/it understands the Nil Paid Rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the US, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representations and warranties.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the jurisdictions outside Hong Kong and which may involve a breach of the laws of the relevant jurisdictions or any instruction which otherwise appears to the Company that may involve a breach of the laws of any jurisdiction; or if the Company or its agent(s) believe(s) the same may violate any applicable legal or regulatory requirement; or which purports to exclude the representations and/or warranties required by the paragraph immediately above.

### *Action to be taken by Qualifying Shareholders*

#### *Subscription for all Rights Shares provisionally allotted*

For each Qualifying Shareholder, a PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to take up his/her/its right to subscribe for any or all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar, by not later than 4:00 p.m. on Friday, 23 May 2014. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to “**Haitong International Securities Group Limited — PAL**” and crossed “**Account Payee Only**”. Qualifying Shareholders should note

## LETTER FROM THE BOARD

that they may apply for a number of Rights Shares equal to or less than the number set out in the PAL (by following the instructions in the section headed “Transfer and “Splitting” of Nil Paid Rights” below).

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Friday, 23 May 2014, whether by the original allottee or any person in whose favour the rights have been validly renounced or transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

The PAL contains further information regarding the procedures to be followed for acceptance of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interests earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements. If the conditions of the Rights Issue (as set out in the paragraph headed “Conditions of the Rights Issue” in this section) are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Nil Paid Rights have been validly transferred) without interest, by means of cheques to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk on or around Tuesday, 3 June 2014.

### *Transfer and “Splitting” of Nil Paid Rights*

The Nil Paid Rights can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation not later than 4:30 p.m. on

## LETTER FROM THE BOARD

Thursday, 15 May 2014 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the Nil Paid Rights.

Having “split” the Nil Paid Rights, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its Nil Paid Rights under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its Nil Paid Rights. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by not later than 4:00 p.m. on Friday, 23 May 2014.

The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

### ***Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than through CCASS)***

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Shareholder in respect of your Shares, or sell the respective Nil Paid Rights or “split” those Nil Paid Rights and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or “splitting” of the Nil Paid Rights.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this prospectus and otherwise in accordance with the requirements of the Registered Shareholder in order to provide the Registered Shareholder with sufficient time to ensure that your instructions are given effect.

### ***Action to be taken by Beneficial Owners holding interests in Shares through CCASS***

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective Nil Paid Rights or “split” those Nil Paid Rights and accept part of the provisional

## LETTER FROM THE BOARD

allotment and sell the remaining part, you should (unless you are a CCASS participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the Nil Paid Rights.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this prospectus and otherwise in accordance with the requirements of your Intermediary in order to provide your Intermediary with sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

Beneficial Owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Nil Paid Rights should be dealt with.

### ***Effect of bad weather on the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares***

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
  - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Final Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## LETTER FROM THE BOARD

### Application for Excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess applications, for (i) any unsold Rights Shares which would have been provisionally allotted to the Non-Qualifying Shareholders (if any) had they been the Qualifying Shareholders; (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Nil Paid Rights; and (iii) any unsold aggregated fractions of Nil Paid Rights.

### *Action to be taken by Qualifying Shareholders who wish to apply for excess Rights Shares*

Applications for excess Rights Shares may be made only by the Qualifying Shareholders (including HTIH) and only by completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by a time which is currently expected to be 4:00 p.m. on Friday, 23 May 2014 or such later time as may be agreed between the Company and the Joint Underwriters.

All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "**Haitong International Securities Group Limited — EAF**" and crossed "**Account Payee Only**".

The Directors will, upon consultation with the Joint Underwriters, allocate the excess Rights Shares at their discretion on a fair and reasonable basis and as far as practicable:

1. preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
2. after applying the principle in 1. above, the remaining excess Rights Shares, if any (if preference will be given) or all excess Rights Shares (if no preference will be given) will be allocated to the Qualifying Shareholders who have applied for excess Rights Shares on a pro rata basis with reference to their number of excess Rights Shares applied for, with the flexibility to round up to whole board lots at the discretion of the Directors.

In applying principles 1. and 2. above, reference will only be made to the number of excess Rights Shares applied for. No reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by the Qualifying Shareholders.

Notwithstanding the provisions in the Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or Beneficial Owner) whose registered address is in, or who is otherwise residing in, a jurisdiction other than Hong Kong to take up excess Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction.

## LETTER FROM THE BOARD

**Important notice to Beneficial Owners:** Beneficial Owners whose Shares are held by a Registered Shareholder (or which are deposited in CCASS) should note that the Board will regard the Registered Shareholder (including HKSCC Nominees Limited) as a single Shareholder on the register of members of the Company. Accordingly, Beneficial Owners whose Shares are registered in the name of a Registered Shareholder (or which are deposited in CCASS) should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually save for such Beneficial Owner(s) the Company shall permit in its absolute discretion.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interests earned on such monies will be retained for the benefit of the Company. Completion and lodgment of an EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation. An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of that Shareholder on or around Tuesday, 3 June 2014. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to that Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of that Shareholder on or around Tuesday, 3 June 2014.

If the conditions of the Rights Issue (as set out in the paragraph headed "Conditions of the Rights Issue" in this section) are not fulfilled, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques to be despatched by ordinary post to their registered address, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members, at their own risk on or around Tuesday, 3 June 2014.

***Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares***

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to apply for excess Rights Shares, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed "Expected Timetable" of this

## LETTER FROM THE BOARD

prospectus and otherwise in accordance with the requirements of the Registered Shareholder, in order to provide the Registered Shareholder with sufficient time to ensure that your instructions are given effect.

### ***Action to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for excess Rights Shares***

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to this application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “Expected Timetable” of this prospectus as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to provide your Intermediary with sufficient time to ensure that your instructions are given effect.

The procedures for application for excess Rights Shares by CCASS Participants shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

Beneficial Owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS participants pro rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate, which is pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue set out below, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or around Tuesday, 3 June 2014. Each applicant will receive one Share certificate for all the Rights Shares allotted and issued to him/her/it.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants on or around Tuesday, 3 June 2014 by ordinary post to the applicants at their own risk.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on Wednesday, 4 June 2014.

## LETTER FROM THE BOARD

### Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 2,000 Shares.

Save for the Convertible Bonds which are listed on the Singapore Exchange Securities Trading Limited, no part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

### Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### Stamp duty and other applicable fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

## UNDERWRITING ARRANGEMENT

### The Underwriting Agreement

|                                |                                                                                                             |
|--------------------------------|-------------------------------------------------------------------------------------------------------------|
| Date                           | : Tuesday, 22 April 2014                                                                                    |
| Joint Underwriters             | : HTIH and Qilu International Securities                                                                    |
| Joint Global Coordinators      | : HTISCL and Qilu International Capital                                                                     |
| Joint Bookrunners <sup>#</sup> | : HTISCL, Qilu International Capital, Nomura International (Hong Kong) Limited and UBS AG, Hong Kong Branch |

<sup>#</sup> *The Joint Bookrunners (except for HTISCL) are not party to the Underwriting Agreement, have no underwriting commitment and are not acting as underwriter or otherwise involved in the distribution of the securities of the Company to investors in any way.*

## LETTER FROM THE BOARD

HTIH is the controlling shareholder of the Company (as defined under the Listing Rules) and HTISCL is a wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, Qilu International Securities was a third party independent of the Company and the Company's connected persons (as defined under the Listing Rules).

- Total number of Rights Shares being underwritten by the Joint Underwriters : The Joint Underwriters have conditionally agreed pursuant to the Underwriting Agreement to severally underwrite the Underwritten Shares, on a fully underwritten basis, being a total of 197,075,452 Rights Shares, subject to the terms and conditions of the Underwriting Agreement in the following manner:
- (a) First, HTIH shall subscribe, on the terms of the Prospectus Documents (so far as the same are applicable), for the lesser of (i) 100% of the Remaining Shares, and (ii) such number of Remaining Shares to the effect that (A) the Shares legally and/or beneficially held by HTIH, inclusive of such number of Rights Shares which HTIH has undertaken to accept pursuant to the Underwriting Agreement and any excess Rights Shares it has applied for under the EAFs and been allocated with, shall not exceed 75% of the entire issued share capital of the Company as enlarged by the Rights Shares to be issued under the Rights Issue; and (B) the minimum public float requirement under the Listing Rules is satisfied by the Company, and by no later than the end of the fifth Business Day after the Final Acceptance Date, HTIH shall pay or procure payment to the Company of the aggregate Rights Issue Price for such Shares taken up pursuant to the Underwriting Agreement. Following payment by or on behalf of HTIH pursuant to the Underwriting Agreement, all obligations and liabilities of HTIH as a Joint Underwriter under the Underwriting Agreement shall cease; and

## LETTER FROM THE BOARD

- (b) Thereafter, Qilu International Securities shall subscribe or procure subscribers on the terms of the Prospectus Documents (so far as the same are applicable) for any balance of the Remaining Shares remaining after HTIH has performed its obligations in paragraph (a) above and by no later than the end of the fifth Business Day after the Final Acceptance Date, Qilu International Securities shall pay or procure payment to the Company of the aggregate Rights Issue Price for such Shares taken up pursuant to this paragraph, subject to such deductions as it is permitted to make pursuant to the Underwriting Agreement. Following payment by or on behalf of Qilu International Securities under this paragraph, all obligations and liabilities of Qilu International Securities under the Underwriting Agreement shall cease.

The Board considers the terms of the Underwriting Agreement to be on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned.

HTIH is a connected person of the Company as defined under the Listing Rules. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction of the Company. Pursuant to Rule 14A.31(3)(c) of the Listing Rules, as arrangements have been made in relation to excess applications in compliance with Rule 7.21 of the Listing Rules, the Underwriting Agreement is exempted from all reporting, announcement and independent shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Qilu International Securities and its ultimate holding company are independent third parties of the Company and the Company's connected persons (as defined under the Listing Rules).

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled:

- (a) publication of the Announcement pursuant to the Listing Rules by no later than 8:30 a.m. on the Business Day following the date of the Underwriting Agreement;
- (b) (i) the Nil Paid Rights of all Qualifying Shareholders and (ii) the Nil Paid Rights representing the aggregate of fractional entitlements and the entitlements of the Non-Qualifying Shareholders which would otherwise have to be allotted to HTISCL or its

## LETTER FROM THE BOARD

nominee/agent to be dealt with in accordance with the terms of the Underwriting Agreement having been provisionally allotted by a resolution of the Board on the terms set out in the Prospectus Documents;

- (c) Conditional Listing Approval having been obtained by no later than the Business Day prior to the first day of dealings in the Nil Paid Rights as set out in this prospectus, and such permission not being withdrawn prior to the Latest Time for Termination;
- (d) each condition to enable the Nil Paid Rights and the Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the Conditional Listing Approval) having been satisfied not later than the Business Day prior to the first day of dealings in the Nil Paid Rights as set out in this prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (e) the Stock Exchange issuing a certificate authorising registration of this prospectus with the Hong Kong Companies Registry under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Despatch Date (or such later time and/or date as the Company and the Joint Underwriters may agree in writing);
- (f) a duly certified copy of this prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than the Despatch Date, and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than the Despatch Date;
- (g) posting of the Prospectus Documents to the Qualifying Shareholders not later than the Despatch Date;
- (h) the representations and warranties of the Company, HTIH and HTISCL referred to in the Underwriting Agreement remaining true and accurate in all material respects and none of the undertakings of the Company, HTIH and HTISCL referred to in the Underwriting Agreement having been breached;
- (i) compliance by the Company with all of its obligations under the Underwriting Agreement or in relation to the publication of the Announcement;
- (j) compliance by HTIH with all of its obligations under the Underwriting Agreement (save for its obligations regarding its role as an underwriter to the Rights Issue); and
- (k) receipt by the Joint Underwriters (in the form and substance to the satisfaction of the Joint Underwriters) of all relevant documents to be provided by the Company by the times specified in the Underwriting Agreement.

## LETTER FROM THE BOARD

The Company shall use its best endeavours to procure the fulfilment of each of the conditions set out above (except paragraph (j) above), and HTIH shall use its best endeavours to procure the fulfilment of the conditions set out in paragraph (h) above (in respect of the representations, warranties and undertakings given by HTIH) and paragraph (j) above and HTISCL shall use its best endeavours to procure the fulfilment of each of the conditions set out in paragraph (h) above (in respect of the representations, warranties and undertakings given by HTISCL) and in particular the Company and the HTIH shall furnish such information, supply such documents, pay (in the case of the Company) such fees, give such undertakings and do all such acts and things as may reasonably be required by the Joint Underwriters and the Stock Exchange in connection with the listing of the Rights Shares.

The Joint Underwriters may at any time in writing waive any of the conditions set out above (except paragraphs (c), (e) and (f)) or extend the time or date for fulfilment of any such condition (in which case a reference in the Underwriting Agreement to the satisfaction of such condition shall be to its fulfilment by the time or date as so extended) and such waiver or extension may be made subject to such terms and conditions as are determined by the Joint Underwriters. As at the Latest Practicable Date, neither of the Joint Underwriters intended to waive any of the conditions stated above.

If any of the conditions set out above (which has not previously been waived by the Joint Underwriters if capable of being waived under the Underwriting Agreement) is not fulfilled, or becomes incapable of fulfilment, on or prior to the relevant date specified in the relevant clause in the Underwriting Agreement for fulfilment of the relevant condition or, if no such date is so specified or referred to, are not fulfilled on or prior to the Latest Time for Termination (or, in any such case, such later date or dates as the Joint Underwriters may agree with the Company in writing), the Underwriting Agreement (save in respect of certain breach(es) of the specific clause in the Underwriting Agreement, and save for certain relevant clauses of the Underwriting Agreement which shall remain in full force and effect and save further that the Company shall pay the fees and expenses specified in the Underwriting Agreement (subject as provided in the relevant clause of the Underwriting Agreement)) shall terminate and no party will have any claim against any other for costs, damages, compensation or otherwise, provided that such termination shall be without prejudice to the rights of the parties in respect of any breach of the Underwriting Agreement occurring prior to such termination.

As at the Latest Practicable Date, none of the conditions specified above except for (a) were completely fulfilled.

### **Lock-up provisions of HTIH**

HTIH has undertaken that it shall not, without first having obtained the prior written consent of Qilu International Securities, transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Share or any interest therein or any option, right or warrant in respect of any Share between the date of the Underwriting Agreement and the Record Date.

HTIH has further undertaken that it shall not, without the prior written consent of Qilu International Securities, transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire (except by

## LETTER FROM THE BOARD

taking up Rights Shares provisionally allotted in respect of HTIH's beneficial shareholding interest in the Company pursuant to the Rights Issue or pursuant to the Underwriting Agreement or acquiring Nil Paid Rights or submitting EAFs or as Joint Underwriter in performance of its obligations under the Underwriting Agreement) any Share or any interest therein between the Record Date and the Latest Time for Acceptance.

HTIH has further undertaken to the Company and Qilu International Securities that for the period from the date of the Underwriting Agreement and ending on the date which is 30 days from the Closing Date, it shall not:

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Rights Shares) or any interests therein beneficially owned or held by HTIH or any of its controlled companies or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests;
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in paragraphs (i) or (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in paragraphs (i) or (ii),

unless with the prior written consent of Qilu International Securities, provided that the lock-up provisions of HTIH shall not apply (i) if the Underwriting Agreement does not become unconditional and is terminated pursuant to the Underwriting Agreement; or (ii) the Underwriting Agreement is terminated by the Joint Underwriters pursuant to the Underwriting Agreement.

### **Lock-up provisions of the Company**

The Company undertakes to the Joint Underwriters, and HTIH has undertaken to Qilu International Securities to procure, that for the period from the date of the Underwriting Agreement and ending on the date which is 30 days from the Closing Date, the Company shall not (except for allotment or issue of Shares (i) pursuant to the Rights Issue; (ii) upon exercise of the outstanding Share Options; or (iii) upon conversion of the outstanding Convertible Bonds by the holders thereof):

- (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;

## LETTER FROM THE BOARD

- (b) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any Shares;
- (c) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (a) and (b) above; or
- (d) announce any intention to enter into or effect any such transaction described in paragraph (a), (b) or (c) above,

unless with the written consent of Qilu International Securities.

### **Irrevocable Undertaking from HTIH**

Pursuant to the Underwriting Agreement, HTIH has irrevocably undertaken to the Company and to Qilu International Securities to accept or procure the acceptance of the Committed Shares to be provisionally allotted to it in respect of the Shares (set out in the Underwriting Agreement) which are registered in its name on the date of the Underwriting Agreement and which HTIH undertakes to the Company and to Qilu International Securities will remain registered in its name on the Record Date. HTIH shall procure that the PALs in respect of the Rights Shares to be provisionally allotted to it shall be lodged with the Registrar with payment therefor in accordance with the terms of the Prospectus Documents by no later than 4:00 p.m. on the Final Acceptance Date and HTIH agrees to deliver or procure the delivery of a certified true copy of such PALs to Qilu International Securities by no later than 4:00 p.m. on the Final Acceptance Date.

### **Termination of the Underwriting Agreement**

The Joint Underwriters shall have the right to rescind or terminate the Underwriting Agreement by notice in writing given by Qilu International Securities (on behalf of the Joint Underwriters) to the Company at any time prior to the Latest Time for Termination, if:

- (a) any matter or circumstance arises as a result of which any of the conditions set out in the Underwriting Agreement has become incapable of satisfaction as at the required time;
- (b) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Joint Underwriters, or there has been a breach on the part of the Company, HTIH or HTISCL of any other provisions of the Underwriting Agreement, or the Joint Underwriters have cause to believe that any such breach has occurred;
- (c) any statement contained in this prospectus has become or been discovered to be untrue, inaccurate, incomplete or misleading in any material respect;
- (d) any matter arises or is discovered which would, if this prospectus was to be issued at the time, constitute material omission therefrom;

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- (e) there is any event or change or any other reason (whether or not permanent) which would or may result in that a supplemental prospectus or any document of a similar nature is or will be or is required to be issued in circumstances where the matter to be disclosed, in the absolute opinion of the Joint Underwriters, prejudicially and materially affects or may prejudicially and materially affect the success of the Rights Issue, or makes or may make it inadvisable or inexpedient to proceed with the Rights Issue;
- (f) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the sole opinion of the Joint Underwriters acting in good faith is material in the context of the Rights Issue; or
- (g) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
  - (i) any change in, or any event or series of events likely to result in any change in (whether or not permanent) local, national or international financial, political, economic, military, industrial, legal, fiscal, regulatory, currency or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in Hong Kong, the United States, the European Union or the PRC;
  - (ii) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders, judgements, decrees or rulings of any governmental authority (the “**Laws**”) or changes in existing Laws or any development including a prospective change in existing Laws in Hong Kong or any other place in which any member of the Group conducts or carries on business;
  - (iii) any event of force majeure affecting Hong Kong, the United States, the European Union or the PRC including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike or lock-out (whether or not covered by insurance);
  - (iv) the declaration of a banking moratorium by PRC, Hong Kong, European Union or United States authorities;
  - (v) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the London Stock Exchange, the New York Stock Exchange or NASDAQ or any major disruption of any securities settlement or clearing services in Hong Kong;

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| <b>LETTER FROM THE BOARD</b> |
|------------------------------|

(vi) any suspension of dealings in the Shares for a period of more than two Business Days (other than any announcement regarding the Rights Issue),

which, in the sole opinion of the Joint Underwriters: (1) has or will have, or is likely to have, a material adverse effect on the financial condition, prospects, assets, business, results of operations or liabilities of the Group, taken as a whole, whether or not arising in the ordinary course of business or is or will be, or is likely to be, materially adverse to any present or prospective Shareholder in its capacity as such; (2) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or (3) makes it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in the Announcement and the Prospectus Documents.

**In the event Qilu International Securities (on behalf of the Joint Underwriters) exercises the right to terminate the Underwriting Agreement upon the giving of written notice of termination prior to the Latest Time for Termination, all the obligations of the parties under the Underwriting Agreement shall cease and terminate immediately and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement including the rights of the parties thereto in respect of any antecedent breach).**

**If Qilu International Securities (on behalf of the Joint Underwriters) exercises such right, the Rights Issue will not proceed. A further announcement will be made if the Underwriting Agreement is terminated by the Joint Underwriters.**

# LETTER FROM THE BOARD

## SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the issued share capital of the Company and shareholding structure of the Company from the Latest Practicable Date until completion of the Rights Issue, the shareholdings in the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue were and will be as follows:

|                               | As at the Latest Practicable Date |              | Immediately after completion of the Rights Issue assuming all Qualifying Shareholders and HTIH take up their respective allotment of Rights Shares in full |              | Immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up any of the Rights Shares and HTIH takes up all the Committed Shares |              |
|-------------------------------|-----------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|                               | Number of Shares                  | Approx. %    | Number of Shares                                                                                                                                           | Approx. %    | Number of Shares                                                                                                                                                 | Approx. %    |
| <b>Joint Underwriters</b>     |                                   |              |                                                                                                                                                            |              |                                                                                                                                                                  |              |
| (Note 1)                      |                                   |              |                                                                                                                                                            |              |                                                                                                                                                                  |              |
| HTIH (Note 2)                 | 1,001,808,720                     | 71.76        | 1,502,713,080                                                                                                                                              | 71.76        | 1,570,454,577                                                                                                                                                    | 75.00        |
| Qilu International Securities | —                                 | —            | —                                                                                                                                                          | —            | 129,333,955                                                                                                                                                      | 6.18         |
| <b>Other Shareholders</b>     | <u>394,150,904</u>                | <u>28.24</u> | <u>591,226,356</u>                                                                                                                                         | <u>28.24</u> | <u>394,150,904</u>                                                                                                                                               | <u>18.82</u> |
|                               | 1,395,959,624                     |              |                                                                                                                                                            |              |                                                                                                                                                                  |              |
| <b>Total</b>                  | <u>(Note 3)</u>                   | <u>100</u>   | <u>2,093,939,436</u>                                                                                                                                       | <u>100</u>   | <u>2,093,939,436</u>                                                                                                                                             | <u>100</u>   |

Notes:

- (1) Pursuant to the Joint Underwriters' underwriting obligations under the Underwriting Agreement.
- (2) HTIH is also a controlling shareholder (as defined under the Listing Rules) of the Company. HTIH may also apply for excess Rights Shares under the Rights Issue. Assuming none of the Rights Shares is taken up by the Qualifying Shareholders, the aggregate shareholding of HTIH immediately after completion of the Rights Issue, taking into account 500,904,360 Shares it has irrevocably undertaken to accept, such number of excess Rights Shares it has applied for and been allotted with (if any) and such number of Rights Shares it has to subscribe for pursuant to its underwriting obligations under the Underwriting Agreement, shall not exceed 75% of the enlarged issued share capital of the Company immediately after completion of the Rights Issue.
- (3) As at the Latest Practicable Date, there were 29,631,243 Share Options outstanding with the rights to subscribe for 29,631,243 Shares, and there were outstanding Convertible Bonds in the aggregate principal amount of HK\$1,008,000,000 convertible into 274,659,400 Shares at the prevailing conversion price of HK\$3.67 per Share.

## **LETTER FROM THE BOARD**

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS**

The Underwriting Agreement contains provisions granting the Joint Underwriters a right to terminate their obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “Underwriting Arrangement” for further details. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If this condition is not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares have been dealt in on an ex-rights basis from Monday, 28 April 2014. Dealings in the Nil Paid Rights form are expected to take place from Tuesday, 13 May 2014 to Tuesday, 20 May 2014 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Nil Paid Rights is advised to exercise caution when dealing in the Shares and/or the Nil Paid Rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil Paid Rights up to the date on which all the conditions to which the Rights Issue are subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

### **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company through its subsidiaries offers services in six business segments including corporate finance, brokerage and margin financing, investment management, fixed income, currency and commodities, structured financing and equity derivatives.

The estimated net proceeds of the Rights Issue will be approximately HK\$2,643.423 million.

The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting and documentation charges) are estimated to be approximately HK\$8.9 million.

The Group intends 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.

The Board considers that it is prudent to finance the Group’s long term growth by way of the Rights Issue which will not only strengthen the Group’s capital base and enhance its financial position without increasing finance costs, but will also offer all Qualifying Shareholders the opportunity to participate in the growth of the Group through the Rights Issue at a price lower than the current market price of the Shares. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

|                              |
|------------------------------|
| <b>LETTER FROM THE BOARD</b> |
|------------------------------|

**TAXATION**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil Paid Rights or the Rights Shares and, regarding the Non-Qualifying Shareholders (if any), their receipt of the net proceeds, if any, from sales of the Nil Paid Rights on their behalf.

**EQUITY FUND RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS**

Save for the issuance of the Convertible Bonds, the Company has not conducted any equity fund raising exercise in the 12 months immediately preceding the Latest Practicable Date. The total funds raised from the Convertible Bonds issued in July and October 2013 was HK\$1,008 million, the entire amount of which has been used for the expansion of the structured and margin financing business of the Company.

**SHAREHOLDERS' APPROVAL NOT REQUIRED FOR RIGHTS ISSUE**

There is no requirement under the Listing Rules for the Rights Issue to be approved by Shareholders in a general meeting.

**ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this prospectus.

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

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2011, 31 December 2012 and 31 December 2013 is disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.htisec.com](http://www.htisec.com)):

- (a) Annual report of the Company for the year ended 31 December 2013 published on 13 March 2014 (pages 110 to 255);
- (b) Annual report of the Company for the year ended 31 December 2012 published on 15 March 2013 (pages 92 to 207); and
- (c) Annual report of the Company for the year ended 31 December 2011 published on 23 March 2012 (pages 114 to 247).

## 2. INDEBTEDNESS STATEMENT

At the close of business on Monday, 31 March 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the details of the Group's outstanding borrowings were set out as follows:

|                               | <i>HK\$'000</i>          |
|-------------------------------|--------------------------|
| Non-current                   |                          |
| Bank loans — secured          | 426,541                  |
| Bank loans — unsecured        | 118,613                  |
| Convertible Bonds — unsecured | <u>974,761</u>           |
|                               | 1,519,915                |
| Current                       |                          |
| Bank loans — secured          | 3,711,120                |
| Bank loans — unsecured        | 6,269,788                |
| Other loans — unsecured       | <u>2,097,863</u>         |
|                               | <u>12,078,771</u>        |
| Total                         | <u><u>13,598,686</u></u> |

All the bank loans, convertible bonds and other loans above are unguaranteed. The current bank loans are repayable on demand or within 1 year. Current bank loans of HK\$3,711,120,000 are secured by the listed shares of HK\$10,226,567,473 held by the Group as security for advances to customers in margin financing. Non-current bank loans of HK\$426,541,000 are secured by investments held by the Group which are classified as held-to-maturity investments and financial assets at fair value through profit or loss. The carrying amount of these debt securities as at 31 March 2014 amounted to HK\$857,352,121.

Save as aforesaid or as otherwise disclosed herein, as at the close of business on Monday, 31 March 2014, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL**

The Directors, after due and careful enquiry, taking into account the financial resources available to the Group, including the internally generated funds, the available banking facilities and the estimated net proceeds of the Rights Issue, are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this prospectus.

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### **5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS**

#### **Business Review**

In review of the 2013 performance of the global equities market, after five consecutive years of quantitative easing (“QE”) policy, developed countries outperformed the most. Above all, the U.S. economy regained its full momentum. With Europe sovereign debt crisis settling in, the European economy welcomed its turning point. Eurozone nations’ fiscal policies were strengthened. This coupled with the efforts of financial regulators has reignited market confidence, while the abundant amount of capital inflows back into the European continent has led to the surge of the annual rate of return on Europe capital markets. However, the performances across the countries of emerging markets were unsatisfactory, with the exception of the eye-catching performance of Japan market. In general, the Brazil BOVESPA stock index, Turkey ISE National-100 Index, the Shanghai Composite Index and Russia MICEX index fell by 15.5%, 13.3%, 6.7% and 5.6% respectively in 2013. Among BRICS nations, only India and South Africa rose in the stock market, The India Mumbai Sensitive Index rose 8.82% accumulatively in 2013, the South Africa stock market index rose 19.22% accumulatively in 2013.

In 2013, the Hong Kong equities market experienced a plunge at the beginning, followed by a rise later of the year, showing signs of recovery. During the first half of 2013, with the negative impacts from the possibility of U.S. Fed’s decision on tapering the QE, sudden imposition of deposit tax by Cyprus government and break out of avian flu in China, the Hang Seng Index went down to the lowest 19,426 points of the year in June. In the second half of the year, China announced a series of policies at the Third Plenary Session of 18th National People’s Congress, removing political uncertainty and spurring Hong Kong stocks to pick up, with a year-end closing at 23,306 points, up 649

points or +2.9% for the year. The average daily turnover volume of the Hong Kong equities market was HK\$62.56 billion, increased by 16% year-on-year (“YoY”). It rebounded to the 2009 levels, but still lagging behind the 2010 and 2011 levels. In terms of the initial public offerings (“IPO”), the scale of IPO issuances increased significantly by 88% YoY. With 6 mega-size IPOs, Hong Kong ranked the second for IPO listing in the global market in 2013, whilst the ranking was the fourth in 2012. According to HKEx’s statistics, IPO issuances in Hong Kong rose by 68% YoY, from 62 projects in 2012 to 102 projects in 2013. The aggregate amount of funds raised for IPO issuances in 2013 was HK\$166.5 billion, rose by 85% YoY versus just HK\$90 billion in 2012. Among the 6 mega IPOs, 5 were H share listings, of which 4 were Mainland financial institutions. It is expected that there will be more IPO listings in Hong Kong from the Mainland financial services industry in 2014.

Despite the fluctuations and challenges in Hong Kong stock market and securities industry in 2013, Haitong International achieved new heights with annual revenue rose by 39.9% YoY to HK\$1.65 billion, net profit attributable to Shareholders increased significantly by 80.3% YoY to HK\$529 million. The Group’s return on equity (“ROE”) level kept increasing. The average return on capital increased from 5.9% in 2011 to 9.3% in 2012, and further increased to 12.95% in 2013.

The Group successfully built a fully optimised business structure in 2013 with six business segments including corporate finance, brokerage and margin financing, investment management, fixed income, currency and commodities (“FICC”), structured financing and equity derivatives, which translated into better results performance for the year. Capitalising on securities brokerage and other existing businesses with established advantages, the Group was better positioned to undertake large-scale corporate finance projects, and its asset management scale grew remarkably, with its new capital-based intermediary businesses, namely FICC, structured financing and equity derivatives, developed at a brisk pace, all contributing significantly to the improved results of the Group.

### Prospects

Looking forward to 2014, the U.S. QE taper, structural reform in China, deflation jitters in Eurozone nations and the plight of emerging markets bring uncertainties to the global economy. Grasping the trend of free-flow capital across the globe will be essential to achieve balanced asset allocation, reduce risk exposure and protect investment income. The free-flow of capital should sustain at a relatively abundant level, although at a slower pace than before, as capital outflow is expected to be triggered by the vulnerable emerging markets. China, the U.S. and Europe will remain attractive for their strong fundamentals and appropriate structural reforms.

The Fed’s QE taper is the major event in U.S. economy throughout 2014. Steady recovery in the U.S. housing market, gradual decline in the unemployment rate and constant growth in household consumption prompted the Fed’s QE taper. From January 2014, the Fed will be reducing the monthly amount in purchasing asset by US\$10 billion every month. The easing policy of QE will be expected to end by the end of 2014. Long-

term interest rates are expected to rise steadily, the real estate market will have a soft landing, and household consumption will grow moderately. Corporate earnings will be in good condition with abundance of cash. With active merger and acquisition opportunities, the growth of corporate investments is expected to accelerate in 2014. Overall speaking, the U.S. economy will continue to recover.

In the second quarter of 2013, the Eurozone finally escaped from recession. However, followed by the end of recession, the region's inflation has been declining, reflecting the risk of deflation in the Eurozone. ECB monetary policy will lead to the economy rebalancing of the Eurozone nations. Economies in Britain, Germany and Nordic countries will continue to heat up, which will help bring up the wealth of their citizens and stimulate consumption, thereby significantly increasing imports from the Southern Europe. Eurozone economy is expected to grow slowly but steadily in 2014.

With the gradual economy recovery in Europe and the U.S., financial crisis turned into the reforming stage, the new growth impetus for recovering global economy requires reform. After three decades of reform, the Chinese government chooses the path of reform and assembles policies, which will have a fundamental impact on China's social economic future for decades. The blueprint of reform brought about by the Third Plenary Session of 18th National People's Congress is expected to provide new impetus to China's future development. China is anticipated to have another "splendid decade". In 2014, investments in infrastructure, 4G networks, UHV grid, and environment-related projects will be the main driving forces of economic growth, accompanied by accelerated investment and mild consumption growth.

The Group expects to see the continued volatility in the Hong Kong market in 2014, while significant events such as National People's Congress and Chinese People's Political Consultative Conference will drive short-term market trading, and opportunities coexist with challenges. In 2014, the Group will proactively develop its fee-based businesses and capital-based intermediary businesses, as well as commit to providing better services in its 4 pillars — namely talent, risk control, information technology and research. The Group will accelerate its expansion into the overseas market leveraging on its new business base in Singapore, to achieve a sustainable enhancement in performance of the Group. With full confidence, we look forward to the Group's performance in 2014.

### **Review of Operations**

Four years ago, the Group presented itself to the market with a new corporate brand and image. After four years of development, the Group has completed the transformation from a traditional brokerage firm to a fully-integrated financial institution capitalising on its insights and precise judgement of the capital market, industry complexion, and investment banking businesses. It has also set up a business structure stressing both the "fee-based" business and the "capital-based intermediary" business and has successfully developed itself into a financial institution characterised by a comprehensive business chain, coupled with diversified customer base, wide range of products and stringent risk management. In 2013, the Group achieved a record high earning. Revenue for the year came in 39.9% higher at HK\$1.65 billion over the corresponding period of last year. Net

profit attributable to Shareholders totalled HK\$529 million, representing a significant YoY growth of 80.3%, whereas ROE stood at 12.95%. As of the end of 2013, total assets amounted to HK\$29.44 billion and net assets totalled HK\$4.92 billion, both increased significantly over the figures as of the end of 2012.

**1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is an illustrative and unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Rights Issue as if it had taken place on 31 December 2013. This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 31 December 2013 or at any future date.

| Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2013<br>HK\$'000<br>(Note 1) | Estimated net proceeds from the Rights Issue<br>HK\$'000<br>(Note 2) | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Rights Issue<br>HK\$'000 | Consolidated net tangible assets per Share attributable to the equity holders of the Company as at 31 December 2013<br>HK\$<br>(Note 3) | Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after completion of the Rights Issue<br>HK\$<br>(Note 4) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                        |                                                                      |                                                                                                                                                                               |                                                                                                                                         |                                                                                                                                                                                    |
| Rights Issue of 697,979,812<br>Rights Shares to be issued at subscription price of HK\$3.80 per Rights Share                                           |                                                                      |                                                                                                                                                                               |                                                                                                                                         |                                                                                                                                                                                    |
| 4,821,083                                                                                                                                              | 2,643,423                                                            | 7,464,506                                                                                                                                                                     | 3.45                                                                                                                                    | 3.56                                                                                                                                                                               |

*Notes:*

- (1) The consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2013 is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at 31 December 2013 of HK\$4,920.252 million, with adjustments for goodwill of HK\$9.854 million, computer software and system development of HK\$82.706 million and other intangible assets of HK\$6.609 million as extracted from the published annual report of the Group for the year ended 31 December 2013.
- (2) The estimated net proceeds from the Rights Issue are based on 697,979,812 Rights Shares to be issued (in the proportion of one Rights Share for every two Shares held as at the Latest Practicable Date) at the subscription price of HK\$3.80 per Rights Share, after deduction of the related expenses of approximately HK\$8.9 million.
- (3) The consolidated net tangible assets per Share attributable to the equity holders of the Company as at 31 December 2013 was HK\$3.45, which was based on the audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2013 of HK\$4,821.083 million and 1,395,959,624 Shares in issue as at 31 December 2013.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after aggregating the audited consolidated net tangible assets of the Group of HK\$4,821.083 million as at 31 December 2013 (Note 1) and the estimated net proceeds of HK\$2,643.423 million from the Rights Issue

(Note 2) and on the basis that 1,395,959,624 Shares were in issue as at 31 December 2013 and 697,979,812 Rights Shares were issued under the Rights Issue assuming the Rights Issue has been completed on 31 December 2013, but does not take into account of any Shares which may be issued upon the exercise of options granted under the Share Option Scheme, any Shares which may be issued upon the conversion of the outstanding Convertible Bonds or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the repurchase mandate.

- (5) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2013. In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group have not taken into account the payment of the final dividend of HK\$153.556 million (or final dividend of HK11 cents per share on the basis that 1,395,959,624 Shares were in issue as at 31 December 2013) proposed for the year ended 31 December 2013 as recommended by the Board on 4 March 2014. Should the Rights Issue be completed on 31 December 2013, the final dividend per share would have been HK7.3 cents on the basis that 1,395,959,624 Shares were in issue as at 31 December 2013 and 697,979,812 Rights Shares were issued under the Rights Issue assuming the Rights Issue has been completed on 31 December 2013, but does not take into account of any Shares which may be issued upon the exercise of options granted under the Share Option Scheme, any Shares which may be issued upon the conversion of the outstanding Convertible Bonds or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the repurchase mandate.

**2. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO  
FORMA FINANCIAL INFORMATION OF THE GROUP**

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION  
INCLUDED IN A PROSPECTUS****TO THE DIRECTORS OF HAITONG INTERNATIONAL SECURITIES GROUP  
LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Haitong International Securities Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2013, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 43 to 44 of the Company's prospectus dated 9 May 2014, in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Notes 1–5.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue on the Group's financial position as at 31 December 2013 as if the proposed rights issue had taken place on 31 December 2013. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2013, on which an audit report has been published.

*Directors' Responsibility for the Unaudited Pro Forma Financial Information*

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

*Reporting Accountant's Responsibilities*

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**  
Certified Public Accountants  
Hong Kong, 9 May 2014

## 1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the completion of the Rights Issue were and are expected to be as follows:

(a) As at the Latest Practicable Date:

HK\$

*Authorised share capital*

|                      |        |                    |
|----------------------|--------|--------------------|
| <u>4,500,000,000</u> | Shares | <u>450,000,000</u> |
|----------------------|--------|--------------------|

*Issued share capital*

|                      |        |                    |
|----------------------|--------|--------------------|
| <u>1,395,959,624</u> | Shares | <u>139,595,962</u> |
|----------------------|--------|--------------------|

(b) Upon completion of the Rights Issue:

HK\$

*Rights Shares to be issued*

|                    |        |                   |
|--------------------|--------|-------------------|
| <u>697,979,812</u> | Shares | <u>69,797,981</u> |
|--------------------|--------|-------------------|

*Shares in issue upon completion of the Rights Issue*

|                      |                                                                                                                                            |                    |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <u>2,093,939,436</u> | Shares (assuming no other Shares (other than<br>the Rights Shares) are allotted and issued on<br>or before completion of the Rights Issue) | <u>209,393,944</u> |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------|

All of the Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank pari passu with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Rights Shares in issue and to be issued are or will be listed on the Main Board of the Stock Exchange.

Save for the Convertible Bonds listed on the Singapore Exchange Securities Trading Limited, no part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save for the outstanding Share Options and Convertible Bonds disclosed in this prospectus, the Company had no outstanding convertible securities, options, or warrants in issue which conferred any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, save for the outstanding Share Options and Convertible Bonds disclosed in this prospectus, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

### 3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

| Name of Directors | Class of shares                   | Personal interests  | Number of underlying shares held under equity derivatives | Total     | Approximate percentage of the Company's total issued share capital |
|-------------------|-----------------------------------|---------------------|-----------------------------------------------------------|-----------|--------------------------------------------------------------------|
| JI Yuguang        | Share options                     | —                   | 572,604<br>(Note 1)                                       | 572,604   | 0.04                                                               |
| LI Jianguo        | Share options                     | —                   | 916,165<br>(Note 1)                                       | 916,165   | 0.07                                                               |
| LIN Yong          | Ordinary shares/<br>share options | 715,192<br>(Note 2) | 916,165<br>(Note 1)                                       | 1,631,357 | 0.12                                                               |
| POON Mo Yiu       | Share options                     | —                   | 1,374,247<br>(Note 1)                                     | 1,374,247 | 0.10                                                               |

| Name of Directors       | Class of shares | Personal interests | Number of underlying shares held under equity derivatives | Total     | Approximate percentage of the Company's total issued share capital |
|-------------------------|-----------------|--------------------|-----------------------------------------------------------|-----------|--------------------------------------------------------------------|
| HUI Yee Wilson          | Share options   | —                  | 2,332,461<br>(Note 3)                                     | 2,332,461 | 0.17                                                               |
| CHENG Chi Ming Brian    | Share options   | —                  | 572,604<br>(Note 1)                                       | 572,604   | 0.04                                                               |
| TSUI Hing Chuen William | Share options   | —                  | 572,604<br>(Note 1)                                       | 572,604   | 0.04                                                               |
| LAU Wai Piu             | Share options   | —                  | 572,604<br>(Note 1)                                       | 572,604   | 0.04                                                               |

*Notes:*

1. These shares would be allotted and issued to the relevant Director upon the exercise in full of the Share Options granted to the relevant Director under the Share Option Scheme. These Share Options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK\$4.234 per share during the period from 3 March 2011 to 2 March 2019.
2. These shares are held by Mr. LIN Yong as a Beneficial Owner.
3. These shares would be allotted and issued to Mr. HUI Yee Wilson upon the exercise in full of the Share Options granted to Mr. HUI under the Share Option Scheme. These Share Options, all of which remained exercisable as at the Latest Practicable Date, were exercisable as to (i) 1,187,255 Share Options at the subscription price of HK\$5.129 per share during the period from 1 June 2008 to 31 May 2016; and (ii) 1,145,206 Share Options at the subscription price of HK\$4.234 per share during the period from 3 March 2011 to 2 March 2019.

Save as disclosed above, as at the Latest Practicable Date, no options over Shares had been granted to the current Directors under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

#### 4. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

- (a) As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, Shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which could fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

| Name of substantial Shareholders                                                            | Note | Number of Shares held and nature of interests |               | Number of underlying Shares held under equity derivatives | Total         | Approximate percentage of the Company's total issued share capital |
|---------------------------------------------------------------------------------------------|------|-----------------------------------------------|---------------|-----------------------------------------------------------|---------------|--------------------------------------------------------------------|
|                                                                                             |      | Direct                                        | Deemed        |                                                           |               |                                                                    |
| Haitong Securities Co., Ltd.                                                                | 1, 3 | —                                             | 1,570,454,577 | —                                                         | 1,570,454,577 | 75.00                                                              |
| HTIH                                                                                        | 1, 3 | 1,570,454,577                                 | —             | —                                                         | 1,570,454,577 | 75.00                                                              |
| Cheng Yu Tung Family (Holdings) Limited ("CYTF")                                            | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.09                                                               |
| Cheng Yu Tung Family (Holdings II) Limited ("CYTF II")                                      | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.90                                                               |
| Chow Tai Fook Capital Limited ("CTFC")                                                      | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.90                                                               |
| Chow Tai Fook (Holding) Limited ("CTFH")                                                    | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.90                                                               |
| Chow Tai Fook Enterprises Limited ("CTFE")                                                  | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.90                                                               |
| New World Development Company Limited ("NWD")                                               | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.90                                                               |
| NWS Holdings Limited ("NWS")                                                                | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.90                                                               |
| NWS Service Management Limited (incorporated in the Cayman Islands) ("NWSSM (Cayman)")      | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.90                                                               |
| NWS Service Management Limited (incorporated in the British Virgin Islands) ("NWSSM (BVI)") | 2    | —                                             | 96,320,598    | —                                                         | 96,320,598    | 6.90                                                               |
| NWS Financial Management Services Limited ("NWSFM")                                         | 2    | 96,320,598                                    | —             | —                                                         | 96,320,598    | 6.90                                                               |
| Qilu International Securities                                                               | 3    | 129,333,955                                   | —             | —                                                         | 129,333,955   | 6.18                                                               |

*Notes:*

1. Haitong Securities Co., Ltd. held the entire issued share capital of HTIH. By virtue of the provisions of the SFO, Haitong Securities Co., Ltd. is deemed to be interested in the Shares in which HTIH is interested.
2. CYTF and CYTF II held respectively an interest of 48.98% and 46.65% in CTFC, which in turn held an interest of approximately 78.58% in CTFH and CTFH in turn held the entire issued share capital of CTFE. CTFE and its subsidiaries held an interest of approximately 42.89% in NWD, which in turn and its subsidiaries held approximately 61.30% of the issued share capital of NWS. NWS, through its wholly-owned subsidiary, NWSSM (Cayman), held the entire issued share capital of NWSSM (BVI), which in turn held the entire issued share capital of NWSFM. By virtue of the provisions of the SFO, each of CYTF, CYTF II, CTFC, CTFH, CTFE, NWD, NWS, NWSSM (Cayman) and NWSSM (BVI) is deemed to be interested in the Shares in which NWSFM is interested.
3. The number of Shares includes the maximum number of Rights Shares underwritten by HTIH and Qilu International Securities pursuant to the Underwriting Agreement. The approximate percentage of the total issued Shares is calculated based on the number of Shares which were expected to be issued upon completion of the Rights Issue, being 2,093,939,436 Shares.

As at the Latest Practicable Date, the Directors or chief executive of the Company were not aware of any other person (other than Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

## **5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, there were no contracts or arrangements in which a Director was materially interested and significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors had, directly or indirectly, any interest in any assets which have since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**6. EXPERT**

The following is the qualifications of the expert who has given opinions or advice, which are contained in this prospectus:

| Name                           | Qualification                |
|--------------------------------|------------------------------|
| PricewaterhouseCoopers (“PwC”) | Certified Public Accountants |

As at the Latest Practicable Date, PwC did not have any direct or indirect shareholdings in any member of the Group, or any right (whether legal enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to any member of the Group, respectively, since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up.

PwC has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its reports and references to its name in the form and context in which they appear.

**7. SERVICE CONTRACTS**

As at the Latest Practicable Date, no Director had a service contract with the Company or any of its subsidiaries which is for a duration that may exceed 3 years or which requires the Company to, in order to terminate such contract, give a notice period of more than 1 year or pay compensation or make other payments equivalent to more than 1 year’s emoluments.

**8. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**9. MATERIAL CONTRACTS**

The following contracts were entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (1) the underwriting agreement dated 6 March 2013 entered into among the Company, HTIH, HSBC, and HTISCL in relation to the underwriting arrangement in respect of the rights issue of the Company in 2013;

- (2) the facility agreement (the “**Facility Agreement**”) dated 16 May 2013 entered into among (i) the Company; (ii) HTIH; (iii) HSBC and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners; (iv) Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Dah Sing Bank, Limited, Industrial and Commercial Bank of China (Asia) Limited, Taipei Fubon Commercial Bank Co., Ltd., Fubon Bank (Hong Kong) Limited, First Commercial Bank, Ltd., Hong Kong Branch and Taishin International Bank as mandated lead arrangers; (v) China Construction Bank (Asia) Corporation Limited, The Bank of East Asia, Limited, China Everbright Bank Co., Limited, Hong Kong Branch, China Merchants Bank Co., Ltd., Hong Kong Branch, China Citic Bank International Limited, Malayan Banking Berhad, Hong Kong Branch and Wing Hang Bank, Limited as lead arrangers; (vi) Sumitomo Mitsui Banking Corporation, Chang Hwa Commercial Bank Ltd. Offshore Banking Branch, E.Sun Commercial Bank, Ltd., Hong Kong Branch, Mega International Commercial Bank Co., Ltd., Hong Kong Branch, Taiwan Business Bank Hong Kong Branch, Taiwan Cooperative Bank, Ltd., Hong Kong Branch and Taiwan Cooperative Bank, Offshore Banking Branch as arrangers; (vii) the financial institutions listed in part II of schedule 1 to the Facility Agreement as lenders; and (viii) HSBC as agent, in relation to a revolving loan facility in an aggregate amount of HK\$3,000,000,000 for a term of up to 3 years;
- (3) the subscription agreement dated 9 July 2013 entered into between the Company and HSBC, as lead manager, in relation to the HK\$776,000,000 1.25% convertible bonds due 2018;
- (4) the agency agreement dated 18 July 2013 entered into between the Company and HSBC as registrar, principal agent and trustee in relation to the paying, conversion and transfer of the HK\$776,000,000 1.25% convertible bonds due 2018;
- (5) the trust deed dated 18 July 2013 entered into between the Company and HSBC, as trustee, in relation to the HK\$776,000,000 1.25% convertible bonds due 2018;
- (6) the subscription agreement dated 17 September 2013 entered into between the Company and HSBC, as lead manager, in relation to the HK\$232,000,000 1.25% convertible bonds due 2018 to be consolidated and form a single series with the HK\$776,000,000 1.25% convertible bonds due 2018 issued on 18 July 2013;
- (7) the supplemental agency agreement dated 10 October 2013 entered into between the Company and HSBC as registrar, principal agent and trustee in relation to the HK\$232,000,000 1.25% convertible bonds due 2018 to be consolidated and form a single series with the HK\$776,000,000 1.25% convertible bonds due 2018;
- (8) the supplemental trust deed dated 10 October 2013 entered into between the Company and HSBC, as trustee, in relation to the HK\$232,000,000 1.25% convertible bonds due 2018 to be consolidated and form a single series with the HK\$776,000,000 1.25% convertible bonds due 2018; and
- (9) the Underwriting Agreement.

**10. CORPORATE INFORMATION**

|                                                                                |                                                                                                                                                                              |
|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Registered office of the Company                                               | Clarendon House<br>2 Church Street<br>Hamilton HM 11<br>Bermuda                                                                                                              |
| Principal place of business in Hong Kong                                       | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                                                                        |
| Authorised representatives                                                     | LAU Yik Chi<br>33/F., Infinitus Plaza<br>199 Des Voeux Road Central<br>Hong Kong<br><br>POON Mo Yiu<br>22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong |
| Company secretary                                                              | LAU Yik Chi, qualified solicitor in Hong Kong,<br>England & Wales                                                                                                            |
| Legal advisers to the Company<br>as to Bermuda laws                            | Conyers Dill & Pearman<br>2901, One Exchange Square<br>8 Connaught Place<br>Central<br>Hong Kong                                                                             |
| Legal advisers to the Company<br>as to Hong Kong laws                          | Woo, Kwan, Lee & Lo<br>26th Floor, Jardine House<br>1 Connaught Place<br>Central<br>Hong Kong                                                                                |
| Legal advisers to the Company in<br>relation to the Rights Issue               | Paul Hastings<br>22/F, Bank of China Tower<br>1 Garden Road<br>Hong Kong                                                                                                     |
| Legal advisers to the Joint<br>Underwriters in relation to the<br>Rights Issue | Clifford Chance<br>27th Floor, Jardine House<br>1 Connaught Place<br>Central<br>Hong Kong                                                                                    |

|                                                                    |                                                                                                                                    |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Auditor                                                            | Deloitte Touche Tohmatsu<br>Certified Public Accountants<br>35/F, One Pacific Place<br>88 Queensway<br>Hong Kong                   |
| Reporting accountant                                               | PricewaterhouseCoopers<br>22/F, Prince's Building<br>Central<br>Hong Kong                                                          |
| Share registrar and transfer office of<br>the Company in Hong Kong | Tricor Investor Services Limited<br>Level 22, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong                                |
| Principal bankers                                                  | Standard Chartered Bank (Hong Kong) Limited<br>13/F., Standard Chartered Bank Building<br>4–4A Des Voeux Road Central<br>Hong Kong |
|                                                                    | The Hongkong and Shanghai Banking<br>Corporation Limited<br>23/F., HSBC Main Building<br>1 Queen's Road Central<br>Hong Kong       |
|                                                                    | Bank of China (Hong Kong) Limited<br>33/F., Bank of China Tower<br>1 Garden Road<br>Hong Kong                                      |
|                                                                    | Hang Seng Bank Limited<br>11/F., 83 Des Voeux Road Central<br>Hong Kong                                                            |
|                                                                    | The Bank of East Asia, Limited<br>18/F., 10 Des Voeux Road Central<br>Hong Kong                                                    |
|                                                                    | China Construction Bank (Asia)<br>Corporation Limited<br>28/F., CCB Tower<br>3 Connaught Road Central<br>Central, Hong Kong        |

Industrial and Commercial Bank of China  
(Asia) Limited  
33/F., ICBC Tower  
3 Garden Road, Central  
Hong Kong

China CITIC Bank International Limited  
80/F., International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

Chong Hing Bank Limited  
6/F., Chong Hing Bank Centre  
24 Des Voeux Road Central  
Hong Kong

Fubon Bank (Hong Kong) Limited  
3/F., Fubon Bank Building  
38 Des Voeux Road Central  
Hong Kong

Public Bank (Hong Kong) Limited  
1/F., Public Bank Centre  
120 Des Voeux Road Central  
Hong Kong

Oversea-Chinese Banking Corporation Limited  
9/F., Nine Queen's Road Central  
Hong Kong

Wing Hang Bank, Limited  
161 Queen's Road Central  
Hong Kong

DBS Bank (Hong Kong) Limited  
18/F., The Centre  
99 Queen's Road Central  
Hong Kong

Dah Sing Bank, Limited  
35/F., Dah Sing Financial Centre  
108 Gloucester Road  
Hong Kong

Bank of Communications Co., Ltd.  
Hong Kong Branch  
20 Pedder Street, Central  
Hong Kong

## PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

## (a) Name and address of our Directors and senior management

| Name                                       | Address                                                                                                                 |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| <i>Executive Directors</i>                 |                                                                                                                         |
| Mr. LI Jianguo                             | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                   |
| Mr. LIN Yong                               | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                   |
| Mr. POON Mo Yiu                            | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                   |
| Mr. HUI Yee Wilson                         | 35/F., Infinitus Plaza<br>199 Des Voeux Road Central<br>Hong Kong                                                       |
| <i>Non-executive Directors</i>             |                                                                                                                         |
| Mr. JI Yuguang                             | 12/F., Haitong Securities Tower<br>689 Guangdong Road<br>Shanghai<br>China                                              |
| Mr. CHENG Chi Ming Brian                   | 28/F., New World Tower<br>18 Queen's Road Central<br>Hong Kong                                                          |
| Ms. WANG Meijuan                           | Unit 2606, Haitong Securities Tower<br>689 Guangdong Road<br>Shanghai<br>PRC                                            |
| <i>Independent Non-executive Directors</i> |                                                                                                                         |
| Mr. TSUI Hing Chuen William                | Suites 1706–1708, 17th Floor<br>China Merchants Tower<br>Shun Tak Centre<br>168–200 Connaught Road Central<br>Hong Kong |

|                          |                                                                                                                                                                    |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. LAU Wai Piu          | c/o Maximus Consulting (Hong Kong) Ltd.<br>Room 708, 7/F., Kornhill Plaza-Office Tower<br>No. 1 Kornhill Road<br>Quarry Bay<br>Hong Kong                           |
| Mr. LIN Ching Yee Daniel | c/o Grant Thornton Hong Kong Limited<br>Level 12<br>28 Hennessy Road<br>Wanchai<br>Hong Kong                                                                       |
| Mr. WEI Kuo-chiang       | c/o Department of Finance<br>School of Business and Management<br>The Hong Kong University of Science<br>and Technology<br>Clear Water Bay<br>Kowloon<br>Hong Kong |
| <i>Senior Management</i> |                                                                                                                                                                    |
| Mr. ZHANG Xinjun         | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                                                              |
| Mr. SUN Jianfeng         | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                                                              |
| Mr. SUN Tong             | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                                                              |
| Mr. LO Wai Ho            | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                                                              |
| Mr. ZHANG Yibin          | 22/F., Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong                                                                                              |

**(b) Profiles of Directors and senior management***Executive Directors*

**Mr. LI Jianguo**, aged 51, was appointed as an Executive Director of the Company on 13 January 2010 and a Deputy Chairman of the Board of the Company on 10 March 2010. He is also a member of the Strategic Development Committee of the Company. He has worked at the Group for over four years. Mr. Li holds a Doctorate Degree in Economics from Xi'an Jiaotong University. He has 22 years of experience in the securities industry. Mr. Li was a general manager of Henan Securities Co., Ltd. from 1992 to 1998. He joined Haitong Securities Co., Ltd. in 1998 and served as the deputy general manager of Haitong Securities Co., Ltd. from 1998 to 1999. Mr. Li was the vice president and the general manager of Fullgoal Fund Management Co., Ltd. from 1999 to 2008. Mr. Li has been the assistant to the general manager of Haitong Securities Co., Ltd. and the chairman of the board of directors of HTIH (formerly known as "Hai Tong (HK) Financial Holdings Limited") since 2008 and the deputy chairman of the board of directors of HTIH since 9 August 2010.

**Mr. LIN Yong**, aged 44, was appointed as an Executive Director of the Company on 23 December 2009 and the Joint Managing Director of the Company on 10 March 2010. He has been a Deputy Chairman of the Board and the Managing Director of the Company as well as the Chief Executive Officer of the Group since 29 April 2011. He is also the Chairman of the Executive Committee as well as a member of the Strategic Development Committee of the Company. He has worked at the Group for over four years. In addition, Mr. Lin is the chairman of the board of directors or a director of various subsidiaries of the Company and a responsible officer of Hai Tong Asset Management (HK) Limited, Hai Tong Capital (HK) Limited, Haitong International Asset Management Limited and Haitong International Capital Limited under the SFO. Mr. Lin holds a Doctorate Degree in Economics from Xi'an Jiaotong University. He has 18 years of experience in the investment banking industry. Mr. Lin joined Haitong Securities Co., Ltd. in 1996 and was a general manager of the Investment Banking Department of Haitong Securities Co., Ltd. from 2001 to 2007. Mr. Lin is one of the first batch of sponsor representatives of China Securities Regulatory Committee. He has been the chief executive officer of HTIH since 2007. He is responsible for the overall operation of HTIH and the business development of the Group. Mr. Lin also concurrently serves as a member of the advisory committee of the SFC. In 2006, Mr. Lin was named 2006 Top Ten Outstanding Young Person in Financial Sector in Shanghai (2006年上海首屆十大金融傑出青年). He acts as an adjunct professor in Management College of Xiamen University since 12 May 2010. Mr. Lin was also an independent non-executive director of Mingfa Group (International) Company Limited from 9 October 2009 to 20 May 2011. The shares of this company are listed on the Stock Exchange.

**Mr. POON Mo Yiu**, aged 49, joined the Group in August 2008 and was appointed as an Executive Director of the Company on 1 July 2009. He is the Chief Operating Officer of the Group as well as a member of the Executive Committee of the Company. He is also a director of various subsidiaries of the Company. He has worked at the Group for over five years. Mr. Poon holds a Master of Business Administration Degree from The

Chinese University of Hong Kong. He is a fellow of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and a member of the Institute of Chartered Accountants in England & Wales. Mr. Poon has extensive experience in financial management, management of information systems, accounting projects as well as various aspects of mergers and acquisitions. Prior to joining the Group, Mr. Poon worked for Sun Hung Kai & Co. Limited as the Group Chief Operating Officer and the Group Chief Financial Officer. He was also previously the Vice President in Finance of JPMorgan Chase Bank and the Group Financial Controller of Jardine Fleming Group in Asia before its merger with JPMorgan Chase Bank.

**Mr. HUI Yee Wilson**, aged 55, joined the Group in 1995 and was appointed as an Executive Director of the Company on 29 April 2011. He is the Director of Sales and Marketing for the Group as well as a member of the Executive Committee of the Company. In addition, Mr. Hui is the Managing Director of Haitong International Futures Limited and HTISCL. He is also a director of various subsidiaries of the Company and a responsible officer of Haitong International Futures Limited, HTISCL and Haitong International Consultants Limited under the SFO. Mr. Hui is responsible for the development and management of the Group’s retail brokerage business. He has worked at the Group for 19 years. Mr. Hui holds a Bachelor Degree in Economics and Management Studies from The University of Hong Kong. Before joining the Group, Mr. Hui possessed 14 years of experience in the banking and securities industries. He is currently a member of The Hong Kong Institute of Directors and the Hong Kong Securities Institute as well as a director of The Hong Kong Association of Online Brokers Limited.

*Non-executive Directors*

**Mr. JI Yuguang**, aged 56, was appointed as a Non-executive Director of the Company on 13 January 2010 and the Chairman of the Board of the Company on 29 April 2011. He is also the Chairman of the Nomination Committee and the Strategic Development Committee and a member of the Remuneration Committee of the Company. He has worked at the Group for over four years. Mr. Ji holds a Bachelor Degree in Economics from Beijing Vocational College of Finance and Commerce. He has 30 years of experience in the finance and commerce industry. Mr. Ji had worked for Beijing Municipal Planning Economy Committee (currently known as “Beijing Municipal Commission of Development and Reform”) for 6 years and Bank of Communications Beijing Branch for 8 years. Mr. Ji joined Haitong Securities Co., Ltd. in 1995 and was the general manager of Haitong Securities Co., Ltd. Beijing Langjiayuan Branch from 1995 to 1997. Mr. Ji has been the deputy general manager of Haitong Securities Co., Ltd. since 1997 and a director of the Overseas Business Committee of Haitong Securities Co., Ltd. since February 2011. In addition, Mr. Ji has been a director of HTIH since 9 August 2010 and the chairman of the board of directors of HTIH since 17 March 2011.

**Mr. CHENG Chi Ming Brian**, aged 31, joined the Group in June 2009 and was appointed as an Executive Director of the Company on 1 July 2009. He was re-designated as a Non-executive Director of the Company on 13 January 2010. Mr. Cheng is also a member of the Remuneration Committee and the Strategic Development Committee of the

Company. He has worked at the Group for over four years. Mr. Cheng holds a Bachelor of Science Degree from Babson College in Massachusetts, U.S.A. Mr. Cheng was a non-executive director of Freeman Financial Corporation Limited from 19 January 2011 to 30 August 2011. He is currently an executive director of NWS Holdings Limited and a non-executive director of Integrated Waste Solutions Group Holdings Limited, Newton Resources Ltd. and Wai Kee Holdings Limited. The shares of all these companies are listed on the Stock Exchange. Mr. Cheng is also a director of certain subsidiaries of NWS Holdings Limited. He is mainly responsible for overseeing the infrastructure business and the merger and acquisition affairs of NWS Holdings Limited and its subsidiaries. In addition, Mr. Cheng is a director of Sino-French Holdings (Hong Kong) Limited, Sino-French Energy Development Company Limited, The Macao Water Supply Company Limited as well as a director of a number of companies in Mainland China. Mr. Cheng has previously worked as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets.

**Ms. WANG Meijuan**, aged 49, was appointed as a Non-executive Director of the Company on 1 September 2012 and is a member of the Audit Committee of the Company. She has worked at the Group for over one year. She holds a Bachelor Degree and a Master Degree from the Shanghai University of Finance and Economics. Ms. Wang is a senior accountant in the PRC and possesses the qualification of securities practitioner in the PRC. She has worked as a lecturer for the department of management engineering of the Shanghai Institute of Building Materials and the senior manager of Da Hua Certified Public Accountants Co. Ltd. Ms. Wang has over 13 years of experience in the securities industry. From May 2001 to June 2003, she worked respectively as the assistant to the general manager and the deputy general manager of the audit department of Haitong Securities Company Limited. After joining Haitong Securities Co., Ltd. in July 2003, Ms. Wang has worked as the deputy general manager of the monitoring and audit department, the deputy general manager of the risk control headquarters and the chief inspector and the deputy general manager for risk control. From 28 September 2004 to 12 May 2011, she had been an independent non-executive director of Shanghai Forte Land Co. Ltd., the shares of which were listed on the Stock Exchange from February 2004 to 13 May 2011. Currently, Ms. Wang is respectively a director and the chief supervisor of Haitong Kaiyuan Investment Co., Ltd. and Haitong Futures Co., Ltd., the group companies of Haitong Securities Co., Ltd., and a member of the Brokerage Business Committee of Haitong Securities Co., Ltd. and the general manager of the audit department of Haitong Securities Co., Ltd.

*Independent Non-executive Directors*

**Mr. TSUI Hing Chuen William JP**, aged 62, was appointed as an Independent Non-executive Director of the Company on 1 July 2004 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. He has worked at the Group for over nine years. Mr. Tsui is the founder partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries since 1980. He has been a solicitor of the High Court of Hong Kong since 1977, a solicitor of the Supreme Court of England & Wales since 1980 as well as a barrister and solicitor of the Supreme Court of Victoria, Australia since 1983. He has also been an advocate and

solicitor of the Supreme Court of Republic of Singapore since 1985 and a notary public appointed by the Archbishop of Canterbury, England since 1988. Mr. Tsui was appointed as a Justice of Peace by the Government of Hong Kong in 1997. He was admitted to the Roll of Honour of the Law Society of Hong Kong in 2013. Mr. Tsui is currently an independent non-executive director of International Entertainment Corporation, Mongolia Energy Corporation Limited and Vision Values Holdings Limited (formerly known as “New World Mobile Holdings Limited”). The shares of all these companies are listed on the Stock Exchange.

**Mr. LAU Wai Piu**, aged 50, was appointed as an Independent Non-executive Director of the Company on 1 December 2006 and is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. He has worked at the Group for over seven years. Mr. Lau is a member of the HKICPA and a fellow of the Association of Chartered Certified Accountants. He possesses over 20 years of extensive experience in accounting and financial management. Mr. Lau is currently an independent non-executive director of International Entertainment Corporation, Mongolia Energy Corporation Limited and Vision Values Holdings Limited (formerly known as “New World Mobile Holdings Limited”). The shares of all these companies are listed on the Stock Exchange.

**Mr. LIN Ching Yee Daniel**, aged 51, was appointed as an Independent Non-executive Director of the Company on 31 December 2012 and is the Chairman of the Audit Committee of the Company. He has worked at the Group for over one year. Mr. Lin graduated from the University of Oxford and obtained a Bachelor’s Degree in Engineering Science. He is a Certified Public Accountant (Practising) in Hong Kong and a member of the HKICPA and the Institute of Chartered Accountants in England and Wales. Mr. Lin is currently the managing partner of Grant Thornton Hong Kong Limited, a member firm of Grant Thornton International Ltd. While working in London and Hong Kong, he has gained over 27 years of experience in auditing, initial public offering, financial consulting and management. Mr. Lin has also been a partner in various large international accounting firms in Hong Kong. Mr. Lin is currently a member of the Professional Conduct Committee, the Audit Profession Reform Working Group, the Mainland Development Strategies Advisory Panel and the Convenor of the Editorial Advisory Group of the HKICPA.

**Mr. WEI Kuo-chiang**, aged 63, was appointed as an Independent Non-executive Director of the Company on 31 December 2012 and is a member of the Remuneration Committee of the Company. He has worked at the Group for over one year. He was awarded a Doctor of Philosophy Degree in Finance from the University of Illinois at Urbana-Champaign in the United States, a Master of Business Administration Degree in Finance from the National Chengchi University in Taiwan, and a Bachelor of Engineering Degree in Industrial Management from the National Taiwan University of Science and Technology. Mr. Wei is currently the Chair Professor of Finance, Director of Hainan Center, and Associate Director of Value Partners Center for Investing at the Department of Finance at The Hong Kong University of Science and Technology (“HKUST”). He previously acted as professor, associate professor or assistant professor of finance at a number of prestigious colleges, including the University of Mississippi, the University of

Miami and the Indiana University at Bloomington/Indianapolis in the United States as well as the HKUST. He also served as Director of the Center for Asian Financial Markets and Director of Master of Science (Financial Analysis)/(Investment Management) Programs at the HKUST for many years. Mr. Wei has written a number of research papers on issues such as the United States and Global Capital Markets and Pricing of Assets and was also a column writer on Hong Kong stock market and warrant trading for Hong Kong Economic Journal for many years. Moreover, he assisted to develop wealth management and investment models for, among others, Hang Seng Bank Limited and HSBC and also organised and conducted a consultancy project for the Government of Hong Kong and Asia-Pacific Economic Cooperation. Mr. Wei has been a council member of the Chinese Finance Annual Meeting and the Global Chinese Real Estate Congress since 2004 and 2008 respectively.

#### *Senior Management*

**Mr. ZHANG Xinjun**, aged 38, joined the Group in April 2010 and was appointed as the Chief Financial Officer of the Group in September 2010. He is also a member of the Executive Committee of the Company as well as a director of various subsidiaries of the Company. He has worked at the Group for four years. Mr. Zhang holds a postgraduate Master Degree in Management from the Department of Accounting of Nankai University. He is a Chinese Middle Grade Accountant and has extensive experience in financial accounting, finance management and merger and acquisition. Prior to joining the Group, Mr. Zhang worked at the Finance and Accounting Department of Haitong Securities Co., Ltd. and has been the Chief Financial Officer of HTIH since January 2008.

**Mr. SUN Jianfeng**, aged 37, joined the Group in 2010 and is responsible for the development and management of the Group's corporate finance division. He is also a member of the Executive Committee of the Company. In addition, Mr. Sun is a director of various subsidiaries of the Company as well as a responsible officer of Hai Tong Capital (HK) Limited and Haitong International Capital Limited under the SFO. He has worked at the Group for four years. Mr. Sun holds a Master of Economics from Xi'an Jiaotong University and is a chartered sponsor representative in the PRC equity market. He possesses extensive experience in the corporate finance industry. He participated and completed a number of IPOs in Hong Kong and China.

**Mr. SUN Tong**, aged 37, joined the Group in June 2010 and is a member of the Executive Committee of the Company, the Managing Director of HTISCL as well as a responsible officer of HTISCL under the SFO. He is responsible for assisting the Chief Executive Officer of the Group to take charge of the overall operation and development of HTISCL and overseas business of the Group. He has worked at the Group for over four years. Mr. Sun graduated with a Bachelor Degree in Computer Science from Nanjing Normal University and finished a Postgraduate Program of Finance at Shanghai Fudan University. He has 13 years of experience in the securities industry. Mr. Sun joined Haitong Securities Co., Ltd. in 2000. He was the senior manager of the president office and the secretary to the president of Haitong Securities Co., Ltd. from 2007 to April 2010. Mr. Sun has been the assistant general manager of HTIH since 2010 and is responsible for frontline business.

**Mr. LO Wai Ho**, aged 51, joined the Group in April 2004 and is the Finance Director of the Group, a member of the Executive Committee of the Company and a director of various subsidiaries of the Company. He is responsible for the financial management, accounting and settlement function of the Group. He has worked at the Group for ten years. Mr. Lo holds a Master of Business Administration Degree from Columbia Southern University in U.S.A. and a Professional Diploma in Accountancy from The Hong Kong Polytechnic University. He has over 25 years of experience in the securities and futures industry. Prior to joining the Group, Mr. Lo has held senior positions in regional financial institutions in Hong Kong. He is a member of the Institute of Chartered Accountants in England and Wales and a member of the HKICPA.

**Mr. ZHANG Yibin**, aged 42, joined the Group in 2010 and is responsible for the Group's asset management business. He was appointed as the Managing Director of Hai Tong Asset Management (HK) Limited, Haitong International Asset Management Limited and Haitong International Investment Managers Limited in 2012. He is also a member of the Executive Committee of the Company and a responsible officer of Hai Tong Asset Management (HK) Limited, Haitong International Asset Management Limited and Haitong International Investment Managers Limited under the SFO. He has worked at the Group for four years. Prior to joining the Group, Mr. Zhang worked at China Merchants Fund in Shenzhen, China as Head of International Business in 2009 and 2010. Mr. Zhang holds a Doctor of Philosophy Degree in Financial Economics from Duke University in the United States. Before relocating back to China, he worked at various financial services companies in New York, including Moody's KMV, UBS and Fitch Ratings.

## 11. MISCELLANEOUS

The English text of this prospectus shall prevail over the Chinese text in case of inconsistencies.

## 12. EXPENSES

The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting and documentation charges) are estimated to be approximately HK\$8.9 million and will be payable by the Company.

## 13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto, among others, the written consent referred to in the paragraph headed "Expert" in this appendix, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents for inspection during business hours on any weekday (except Saturdays, Sunday and public holidays) at the principal place of business in Hong Kong of the Company at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong from the date of this prospectus up to and including Friday, 23 May 2014:

- (a) the memorandum of association and the Bye-laws of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2013, respectively;
- (c) the report on the unaudited pro forma financial information of the Group issued by PricewaterhouseCoopers set out in Appendix II to this prospectus;
- (d) the material contracts disclosed in the section headed “Material Contracts” in this appendix;
- (e) the written consent from the expert as referred to in the section headed “Expert” in this appendix; and
- (f) this prospectus.