

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to sell, dispose, acquire, purchase or subscribe for securities in the Company and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever.

Distribution of this announcement into jurisdictions other than Hong Kong may be restricted by law.

Persons who come into possession of this announcement should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States. This announcement is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The securities referred to herein have not been and will not be registered under the US Securities Act or the laws of any state or jurisdiction of the United States, 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 issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.



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)

(1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES 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 AND (2) CLOSURE OF REGISTER OF MEMBERS

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



PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$2,652,323,285.60 but not more than approximately HK\$3,198,443,614.40, before expenses, by way of a rights issue of not less than 697,979,812 Rights Shares but not more than 841,695,688 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 a price of HK\$3.80 per Rights Share.

Pursuant to the terms of the Rights Issue, the Qualifying Shareholders will be provisionally allotted one (1) Rights Share in nil-paid form for every two (2) existing Shares held on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The fully-paid Rights Shares will not entitle the holders thereof to the final dividend of HK\$0.11 per Share for the financial year ended 31 December 2013 as approved by the Shareholders at the annual general meeting of the Company held on Tuesday, 15 April 2014.

The estimated net proceeds of the Rights Issue will be not less than approximately HK\$2,643.43 million but not more than approximately HK\$3,189.55 million after deduction of all estimated expenses. The Group intends to apply the net proceeds from the Rights Issue for further development of the Group's businesses, refinancing and general corporate purpose.

Pursuant to the Underwriting Agreement, HTIH has irrevocably undertaken to the Company and Qilu International Securities to accept the Committed Shares to be provisionally allotted to it.

The Joint Underwriters have conditionally agreed to underwrite the Underwritten Shares on a several basis. The Joint Bookrunners have no underwriting commitment and are not acting as underwriters or otherwise involved in the distribution of the securities of the Company to investors in any way.

IRREVOCABLE UNDERTAKING OF HTIH

As at the date of this announcement, HTIH legally and beneficially own 1,001,808,720 Shares, which amount to approximately 71.76% of the issued share capital of the Company. Pursuant to the Underwriting Agreement, HTIH has provided an irrevocable undertaking to the Company and Qilu International Securities, among other things, by no later than 4:00 p.m. on the Final Acceptance Date, to accept or procure the acceptance of the Committed Shares to be provisionally allotted to it in respect of the Shares which are registered in its name on the date of the Underwriting Agreement and to lodge the PALs together with payment therefor in accordance with the terms of the Prospectus Documents.

SHAREHOLDERS' APPROVAL NOT REQUIRED

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

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 — Termination of the Underwriting Agreement” below 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 are expected to be dealt in on an ex-rights basis from Monday, 28 April 2014. Dealings in the Nil Paid Rights 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 is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

TRADING ARRANGEMENTS

The last day of dealings in the Shares on a cum-rights basis is Friday, 25 April 2014. The Shares will be dealt with on an ex-rights basis from Monday, 28 April 2014. Nil Paid Rights are expected to be dealt with from Tuesday, 13 May 2014 to Tuesday, 20 May 2014 (both days inclusive).

To qualify for the Rights Issue, a Shareholder must: (a) be registered as a member of the Company at 5:00 p.m. on the Record Date; and (b) not be a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, all transfer documents of the Shares must be lodged (together with the relevant share certificate(s)) with the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by 4:30 p.m. (Hong Kong time) on Tuesday, 29 April 2014. The register of members of the Company will be closed from Wednesday, 30 April 2014 to Thursday, 8 May 2014 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Holders of Share Options who wish to participate in the Rights Issue should exercise the Share Options in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company on or before Tuesday, 29 April 2014.

Holders of Convertible Bonds who wish to participate in the Rights Issue should exercise the conversion rights attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds and be registered as members of the Company on or before Tuesday, 29 April 2014.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on the Final Acceptance Date, which is expected to be on Friday, 23 May 2014 or such other date as the Company and the Joint Underwriters may agree in writing. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

For details of the trading arrangements, please refer to the section headed “Expected Timetable for the Rights Issue” below.

GENERAL

The Prospectus containing, among other things, further details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Despatch Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. A copy of the Prospectus will also be made available on the websites of the Company (www.htisec.com) and the Stock Exchange (www.hkexnews.hk). 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 the Prospectus to the Non-Qualifying Shareholders, as well as 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.

PROPOSED RIGHTS ISSUE

On Tuesday, 22 April 2014, the Company and the Joint Underwriters entered into the Underwriting Agreement in respect of the proposed 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 date of this announcement:	1,395,959,624 Shares
Minimum number of Rights Shares:	697,979,812 Rights Shares (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the Record Date)

Maximum number of Rights Shares:	841,695,688 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and the full exercise of the conversion rights attaching to the Convertible Bonds on or before the Latest Lodging Date, but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the Record Date)
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: [#]	HTISCL, Qilu International Capital, Nomura International (Hong Kong) Limited and UBS AG, Hong Kong Branch
	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 date of this announcement, Qilu International Securities is a third party independent of the Company and the Company's connected persons (as defined under the Listing Rules)
Minimum enlarged issued share capital upon completion of the Rights Issue:	2,093,939,436 Shares (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the completion of the Rights Issue)
Maximum enlarged issued share capital upon completion of the Rights Issue:	2,525,087,066 Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and the full exercise of the conversion rights attaching to the Convertible Bonds on or prior to the Latest Lodging Date, but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the completion of the Rights Issue)

As at the date of this announcement, there are 29,631,243 Share Options outstanding with the rights to subscribe for 29,631,243 Shares. Assuming full exercise of all outstanding Share Options on or before the Latest Lodging Date, 14,815,621 additional Rights Shares would be issued.

[#] The Joint Bookrunners have no underwriting commitment and are not acting as underwriters or otherwise involved in the distribution of the securities of the Company to investors in any way.

As at the date of this announcement, there are outstanding Convertible Bonds in the aggregate principal amount of HK\$1,008,000,000 convertible into 257,800,511 Shares at the prevailing conversion price of HK\$3.91 per Share (subject to adjustment). Assuming the full exercise of all conversion rights attaching to the Convertible Bonds on or before the Latest Lodging Date, 128,900,255 additional Rights Shares would be issued.

Assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the Record Date, the 697,979,812 Rights Shares proposed to be provisionally allotted represent approximately 50.00% of the Company's issued share capital as at the Record Date and approximately 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

As at the date of this announcement, save for the outstanding Share Options and Convertible Bonds as detailed above, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares.

Qualifying Shareholders

The Company will send the Prospectus Documents to the 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.

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

The Company will send the Prospectus Documents to the Qualifying Shareholders on Friday, 9 May 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 the Prospectus to the Non-Qualifying Shareholders, as well as 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.

Holders of Share Options who wish to participate in the Rights Issue should exercise the Share Options in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company on or before Tuesday, 29 April 2014.

Holders of Convertible Bonds who wish to participate in the Rights Issue should exercise the conversion rights attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds so as to enable them to be registered as members of the Company on or before Tuesday, 29 April 2014.

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.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 30 April 2014 to Thursday, 8 May 2014, both days inclusive for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

The Company will make enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that/those place(s), the Rights Issue will not be available to such Overseas Shareholders and no provisional allotment of the Nil Paid Rights or allotment of Rights Shares will be made to them. Further information in this connection will be set out in the Prospectus. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only on the Despatch Date, but will not send any PAL and EAF to them. The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Arrangements will be made for the Nil Paid Rights which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in the Nil Paid Rights commence and before the last date for dealings in the Nil Paid Rights, if a premium (net of expenses) can be obtained. All the Nil Paid Rights which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be provisionally allotted to HTISCL, and will be sold in the market by HTISCL as an agent. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlements of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up 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 and treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and beneficial owners of the Shares should exercise caution when dealing in the Shares.

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 and, 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 Shares 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 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-right 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; and
- (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.

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

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 with his/her/its shareholding held 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 the PAL and lodging the same with a remittance for the Rights Shares with the Registrar on or before the Final Acceptance Date.

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 fractions 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.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for:

- (a) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been the Qualifying Shareholders;
- (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renouncees or transferees of Nil Paid Rights; and
- (c) any unsold Rights Shares created by aggregating fractions of Nil Paid Rights.

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. 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 resident 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.

The Directors will, upon consultation with the Joint Underwriters allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

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 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.

Investors with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually save such beneficial owner(s) the Company shall permit in its absolute discretion. Investors with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) on or prior to the Record Date.

Investors whose Shares are held by their nominee(s) (or which are deposited in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Tuesday, 29 April 2014.

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 successful 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 unsuccessful applicants on or around Tuesday, 3 June 2014 by ordinary post to the applicants at their own risk.

Application for listing

The Company will apply 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.

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 requirement 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 or 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:[#]

HTISCL, Qilu International Capital, Nomura International (Hong Kong) Limited and UBS AG, Hong Kong Branch

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 date of this announcement, Qilu International Securities is 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 to a minimum extent, being not less than 197,075,452 Rights Shares (assuming no new Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the Record Date) and to a maximum extent, being not more than 340,791,328 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and the full exercise of the conversion rights attaching to the Convertible Bonds on or before the Latest Lodging Date, but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the Record Date), 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

[#] The Joint Bookrunners have no underwriting commitment and are not acting as underwriters or otherwise involved in the distribution of the securities of the Company to investors in any way.

- (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 in 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 this 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 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 the 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 the 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 the Prospectus with the Hong Kong Companies Registry under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) 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 the 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 contained in the Underwriting Agreement remaining true and accurate in all material respects and none of the undertakings of the Company, HTIH and HTISCL contained 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 this 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.

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.

If any of the conditions set out in 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(s) 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.

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 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 a Joint Underwriter in performance of its obligations under the Underwriting Agreement) any Share or any interest therein between the Record Date and the Final Acceptance Date.

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) above,

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

Lock-up provisions of the Company

The Company has undertaken 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;
- (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 paragraphs (a) and (b) above; or
- (d) announce any intention to enter into or effect any such transaction described in paragraphs (a), (b) or (c) above,

unless with the prior 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 the 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 the 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
- (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; (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 this announcement and the Prospectus Documents.

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

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 are expected to be dealt in on an ex-rights basis from Monday, 28 April 2014. Dealings in the Nil Paid Rights 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 is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

2014

Last day of dealing in Shares on a cum-rights basis Friday, 25 April

First day of dealing in Shares on an ex-rights basis Monday, 28 April

Latest time for lodging transfer documents of Shares
in order to be qualified for the Rights Issue 4:30 p.m. on
Tuesday, 29 April

Register of members of the Company closes
for determining entitlements under Rights Issue
(both days inclusive) Wednesday, 30 April to
Thursday, 8 May

Record Date for determining entitlements
under Rights Issue Thursday, 8 May

2014

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

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by agreement between the Company and the Joint Underwriters. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange 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
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 9:00 a.m. 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.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company under various scenarios.

- (i) Assuming no new Shares (other than Rights Shares) will be issued and no repurchase of Shares on or before the completion of the Rights Issue:

	As at the date of the announcement		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 takes up any of the Rights Shares and HTIH take up all the Committed Shares	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Joint Underwriters (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	0	0	0	0	129,333,955	6.18
Other Shareholders	<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>
Total	<u><u>1,395,959,624</u></u>	<u><u>100</u></u>	<u><u>2,093,939,436</u></u>	<u><u>100</u></u>	<u><u>2,093,939,436</u></u>	<u><u>100</u></u>

Notes:

- Pursuant to the Joint Underwriters' underwriting obligations under the Underwriting Agreement.
- HTIH is also a controlling shareholder (as defined under the Listing Rules) of the Company and has irrevocably undertaken to take up 500,904,360 Rights Shares under the Rights Issue. 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.

- (ii) Assuming new Shares have been issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and full exercise of the conversion rights attaching to the Convertible Bonds on or prior to the Latest Lodging Date, but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the completion of the Rights Issue:

	As at the date of the announcement		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 takes up any of the Rights Shares and HTIH take up all Committed Shares	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Joint Underwriters (Note 1)						
HTIH (Note 2)	1,001,808,720	71.76	1,502,713,080	59.51	1,843,504,408	73.01
Qilu International Securities	0	0	0	0	0	0
Holders of Share Options (Note 3)						
Employees	0	0	32,702,683	1.30	21,801,789	0.86
Directors	0	0	11,744,181	0.47	7,829,454	0.31
Other Shareholders	394,150,904	28.24	591,226,356	23.41	394,150,904	15.61
Holders of Convertible Bonds (Note 4)	0	0	386,700,766	15.31	257,800,511	10.21
Total	<u>1,395,959,624</u>	<u>100</u>	<u>2,525,087,066</u>	<u>100</u>	<u>2,525,087,066</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 are 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) Pursuant to the full exercise of the Share Options.
- (4) Pursuant to the full exercise of the conversion rights attaching to the Convertible Bonds.

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 not be less than approximately HK\$2,643.43 million (assuming no new Shares are issued (other than Rights Shares) and no repurchase of Shares on or before the Record Date) and not more than approximately HK\$3,189.55 million (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and full exercise of the conversion rights attaching to the Convertible Bonds on or prior to the Latest Lodging Date, but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the Record Date).

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\$8.89 million.

The Group intends to apply the net proceeds from the Rights Issue for further development of the Group's businesses, refinancing and general corporate purpose.

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 allow 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.

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, 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 activities in the past twelve months immediately preceding the date of this announcement.

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.

ADJUSTMENT TO SHARE OPTIONS AND THE CONVERTIBLE BONDS

As a result of the Rights Issue, the exercise prices of, and/or the number or nominal amount of Shares subject to, the outstanding Share Options will be adjusted in accordance with the terms and conditions of the Share Option Scheme. As a result of the Rights Issue and the declaration of final dividend for the year ended 31 December 2013, the conversion price of the outstanding Convertible Bonds will be adjusted in accordance with the terms and conditions of the Convertible Bonds. In respect of the declaration of final dividend for the year ended 31 December 2013, the conversion price of the outstanding Convertible Bonds will be adjusted from HK\$3.91 to HK\$3.81 with effect from 26 April 2014, in accordance with the terms and conditions of the Convertible Bonds. In respect of the Rights Issue, the conversion price of the outstanding Convertible Bonds will be adjusted from HK\$3.81 to HK\$3.67 with effect from 28 April 2014, in accordance with the terms and conditions of the Convertible Bonds. The Company will make further announcements on the appropriate adjustments and the date they are expected to take effect in due course.

GENERAL

The Prospectus containing, among other things, further details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Despatch Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. A copy of the Prospectus will also be made available on the websites of the Company (www.htisec.com) and the Stock Exchange (www.hkexnews.hk). 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 the Prospectus to the Non-Qualifying Shareholders, as well as 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.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, a Sunday or a day on which typhoon signal no. 8 or a “black” rainstorm warning is hoisted in Hong Kong) on which banks generally are open for business in Hong Kong
“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 Ordinance”	the Companies Ordinance (Chapter 622 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 approval 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 to it under the Listing Rules
“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 of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Joint Underwriters
“Final Acceptance Date”	4:00 p.m. on 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 People’s Republic of China
“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 date of this announcement
“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
“Joint Underwriters”	HTIH and Qilu International Securities
“Last Trading Day”	Tuesday, 22 April 2014, being the date of the Underwriting Agreement
“Latest Lodging Date”	4:30 p.m. on Tuesday, 29 April 2014, the latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue
“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 Shareholders”	those Overseas Shareholders 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 Shareholders 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) proposed to be issued to the Qualifying Shareholders in connection with their assured entitlements under the Rights Issue
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the 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 Record Date, other than the Non-Qualifying Shareholders (if any)
“Record Date”	Thursday, 8 May 2014, the record date to determine entitlements to the Rights Issue (or such other date as may be agreed between the Company and the Joint Underwriters)
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited, 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 not less than 697,979,812 Shares and not more than 841,695,688 Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“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 are validly vested and exercisable by the holders entitling them to subscribe for a total of 29,631,243 Shares as at the date of this announcement
“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”	the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs 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 Rights Shares other than the Committed Shares severally underwritten by the Joint Underwriters pursuant to the terms of the Underwriting Agreement (being not less than 197,075,452 and not more than 340,791,328 Rights Shares)

“Unsubscribed Shares”	the number of Underwritten Shares not taken up by the Qualifying Shareholders
“%”	percentage or per centum

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

Hong Kong, Tuesday, 22 April 2014

As at the date of this announcement, the Board comprises Mr. JI Yuguang (Chairman), Mr. LI Jianguo (Deputy Chairman), Mr. LIN Yong (Deputy Chairman and Managing Director), Mr. POON Mo Yiu, Mr. HUI Yee Wilson, Mr. CHENG Chi Ming Brian*, Ms. WANG Meijuan*, Mr. TSUI Hing Chuen William**, Mr. LAU Wai Piu**, Mr. LIN Ching Yee Daniel** and Mr. WEI Kuo-chiang**.*

* *Non-executive Directors*

** *Independent non-executive Directors*