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HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

海通國際證券集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 665)

**CONNECTED TRANSACTION
GRANT OF LOAN FACILITY TO A CONNECTED PERSON**

LOAN AGREEMENT

On 19 September 2014 (after trading hours), the Lender and the Borrower entered into the Loan Agreement, pursuant to which the Lender has agreed to grant to the Borrower the Loan Facility in the amount of up to US\$60,000,000 (equivalent to approximately HK\$468,000,000).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Haitong Holdings holds approximately 68.62% of the total issued share capital of the Company and is a controlling shareholder of the Company. Haitong Holdings is a wholly-owned subsidiary of Haitong Securities. The Borrower is an indirect subsidiary of a 30%-controlled company indirectly held by Haitong Securities. Hence, the Borrower is an associate of Haitong Holdings and a connected person of the Company.

Accordingly, the grant of the Loan Facility by the Lender, an indirect wholly-owned subsidiary of the Company, to the Borrower constitutes a connected transaction of the Company.

As each of the applicable percentage ratios is less than 5%, the grant of the Loan Facility shall be subject to the reporting and announcement requirements only and exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

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Principal terms of the Loan Agreement are as follows:

Date: 19 September 2014

Parties: The Lender, as the lender; and

The Borrower, as the borrower

Principal loan amount:	Up to US\$60,000,000 (equivalent to approximately HK\$468,000,000)
Term:	3 months from the date of drawdown
Interest rate:	8.5% per annum
Purpose:	General corporate purposes
Repayment:	The principal and accrued interest is repayable in full on the Maturity Date
Early repayment:	The Borrower may repay the principal in part or in full (together with interests accrued thereon) before the Maturity Date provided that the Borrower has given prior written notice to the Lender
Drawdown period:	The period commencing from and including the date of the Loan Agreement to and including the date falling 3 months from the date of the Loan Agreement

The Borrower may drawdown the Loan Facility only once and shall give written notice to the Lender one business day prior to the drawdown. At the end of the date of drawdown, the amount of Loan Facility not utilised will be cancelled automatically.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The terms of the Loan Agreement, including the applicable interest rate, were agreed by the parties after arm's length negotiations, having taken into account the prevailing market interest rates and practices. The Directors consider that the grant of the Loan Facility would generate profits and steady interest income to the Lender and thus maximise the Group's return on its available cash reserves without compromising the Group's risks exposure.

In view of the above, the Directors (including the independent non-executive Directors) are of the opinion that the grant of the Loan Facility and the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole. As none of the Directors has material interest in the Loan Agreement and/or the transactions contemplated thereunder, no Director has abstained from voting on the relevant board resolutions of the Company.

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GENERAL INFORMATION

Information of the Group

The principal activities of the Group comprise securities, futures, options and bullion contracts brokerage, the provision of nominee and custodian services, the provision of corporate advisory, placing and underwriting services, the provision of investment management services, the provision of margin financing and structured financing, trading and market making activities and proprietary securities trading.

Information of the Borrower

The Borrower is incorporated in the British Virgin Islands and principally engaged in investment holding.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrower”	Hao Ding International Limited (浩鼎國際有限公司), a company incorporated in the British Virgin Islands
“Company”	Haitong International Securities Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	means the Company and its subsidiaries from time to time
“Haitong Holdings”	Haitong International Holdings Limited, a company incorporated in Hong Kong which holds approximately 68.62% of the total issued share capital of the Company as at the date of this announcement
“Haitong Securities”	Haitong Securities Co., Ltd., a joint stock company established in the PRC with limited liability, whose overseas listed foreign invested shares are listed on the Main Board of the Stock Exchange (stock code: 6837) and the domestic listed shares are listed on Shanghai Stock Exchange (stock code: 600837) and beneficially holds approximately 68.62% of the total issued share capital of the Company as at the date of this announcement through its wholly-owned subsidiary, Haitong Holdings

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Lender”	Haitong International Finance Company Limited (海通國際財務有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the term loan facility agreement dated 19 September 2014 and entered into between the Borrower and the Lender in relation to the grant of the Loan Facility
“Loan Facility”	the loan facility of up to US\$60,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement
“Maturity Date”	the date falling 3 months after the date of the Loan Facility drawdown
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“US\$”	US dollars, the lawful currency of the United States of America

By order of the Board
Haitong International Securities Group Limited
LAU Yik Chi
Company Secretary

Hong Kong, 19 September 2014

The figures in US\$ are converted into HK\$ at the rate of US\$1: HK\$7.8 throughout this announcement for indicative purpose only.

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*