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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)

ADOPTION OF SHARE AWARD SCHEME

The Board has adopted the Scheme to incentivise the Selected Participants for their contributions to the Group. Pursuant to the Scheme, Shares will be acquired by the Trustee at the cost of the Company and will be held on trust for the Selected Participants before vesting. The total number of Shares which are the subject of Awards granted under the Scheme is limited to 10% of the total issued share capital of the Company as at the Adoption Date.

The Board has adopted the Scheme on the Adoption Date. A summary of the principal terms of the Scheme is set out below.

PURPOSE

The purpose of the Scheme is to recognize the contributions by the Selected Participants and to give incentives thereto in order to retain them for the continuing operation and development of the Group and to attract suitable personnel for further development of the Group.

DURATION

Unless terminated earlier by the Board, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

ADMINISTRATION

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules whose decision as to all matters arising in relation to the Scheme or its interpretation or effect shall be final, conclusive and binding on all parties. The Board has delegated the power and authority to the Administration Committee to handle operational matters of the Scheme but all major decisions in relation to the Scheme shall be made by the Board unless expressly provided for in the Scheme Rules or the Board resolves to delegate such power to the Administration Committee.

The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed.

OPERATION OF THE SCHEME

Pursuant to the Scheme Rules, the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each Participant determined by the Board and recommended by the Remuneration Committee from time to time) select any Participant (other than the Excluded Participants) for participation in the Scheme as a Selected Participant and determine the number of Awarded Shares, upon the recommendation of the Remuneration Committee.

After the selection of the Selected Participant(s) and the determination of the number of Awarded Shares by the Board, the Administration Committee shall inform the Trustee accordingly. The Administration Committee shall also inform the Selected Participant(s) by Award Notice. Provided that the respective Selected Participant(s) has (have) executed the Acceptance Form(s) and returned the same together with a counterpart of the Award Notice(s) to the Trustee through the Company within the period prescribed in the Award Notice(s), the Company shall during the Award Period pay or cause to be paid the Reference Amount to the Trustee. The Company shall ensure that sufficient Reference Amount will be provided to the Trustee to satisfy the entitlement of the Selected Participants in accordance with the Award Notice from time to time and the Trustee shall purchase such additional Shares from the market from time to time in accordance with the Scheme Rules to satisfy the entitlement of the Selected Participants.

Within a reasonable period of time after receiving the Reference Amount, the Trustee shall apply the same towards the purchase of Awarded Shares in the market through a broker at the prevailing market price on the Stock Exchange pursuant to the Scheme Rules.

VESTING AND LAPSE

Unless otherwise determined by the Board at its discretion, the Awarded Shares and Cash Dividends under the Trust which are referable to a Selected Participant shall be held by the Trustee in its custody prior to vesting and vested in accordance with the terms of the Scheme and the Award Notice, including but not limited to the attainment of any performance conditions stated therein and the Selected Participant's entitlement to the Cash Dividends.

The Administration Committee shall conduct a review of the performance conditions (if any) in relation to each Selected Participant at least once in each financial year during the Award Period if the Award Period is more than 12 months or once only during the Award Period if the Award Period is less than 12 months. The number of Awarded Shares (and any corresponding amount of Cash Dividends derived therefrom) entitled by each Selected Participant in respect of the specified period of the Award Period under review shall, unless otherwise determined by the Board at its absolute discretion, be vested if the Selected Participant is able to meet the relevant performance conditions during the relevant period, or lapse if the Selected Participant is unable to meet the relevant performance conditions during the relevant period. Such Shares and such Cash Dividends already held under the Trust but lapsed shall immediately become Returned Shares and Residual Cash (as the case may be) for the purposes of the Scheme.

In the event of a takeover or any proposed transaction that the Board at its discretion determines should be treated as a change of control of any member of the Group, the Board will determine at its discretion the extent to which the Awarded Shares (and any corresponding amount of Cash Dividends derived therefrom) that have not satisfied the performance conditions for vesting but have not lapsed should be deemed to have satisfied the performance conditions and the Awards shall be vested on the Selected Participants accordingly.

Unless otherwise determined by the Board at its absolute discretion, in the event that: (a) a Selected Participant ceases to be an Participant for whatever reason; (b) a Selected Participant is found to be an Excluded Participant; (c) a Selected Participant commits fraud, misconduct, violation of a non-compete agreement, or knowingly performs any act that may confer any competitive benefit or advantage upon any competitor of the Group; (d) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares (if any, and any corresponding amount of Dividends derived therefrom) within the stipulated period; (e) the company by which a Selected Participant is employed ceases to be a member of the Group (or if the Selected Participant is employed in more than one company, all of such companies cease to be members of the Group); or (f) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement) at any time during the Award Period (each of these, an event of "Lapse"), an Award to the Selected Participant shall automatically lapse forthwith and all the Awarded Shares so awarded and any corresponding Cash Dividends thereto shall become Returned Shares and Residual Cash respectively, and the Selected Participant shall have no claims against the Company or the Trustee.

Save for a Lapse, barring any unforeseen circumstances and subject to the receipt by the Trustee of a confirmation from the Administration Committee, as soon as practicable after the date of vesting, the Trustee shall transfer the relevant Awarded Shares and any Cash Dividends thereof held upon the Trust to the Selected Participant(s), subject to the receipt by the Trustee through the Company of such transfer documents duly signed by the Selected Participant(s).

RIGHTS OF THE SELECTED PARTICIPANTS

Any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable.

A Selected Participant shall not exercise or direct the Trustee to exercise and the Trustee shall not exercise the voting rights in respect of any Awarded Shares held under the Trust.

In the event that the Trustee or any member of the Group is liable for or is required to withhold any withholding or other tax in relation to the grant of the Award or the transfer of Awarded Shares and Cash Dividends, the Trustee or such member of the Group (as the case may be) shall be entitled to withhold, and any Selected Participant shall be obliged to pay, the amount of any such tax.

In the event of open offer, rights issue or other distributions or changes in the share capital of the Company, the Trustee shall act in accordance with the Scheme Rules and the Trust Deed.

RESTRICTIONS

No payment to acquire Shares shall be made and no new instructions to acquire Shares shall be given to the Trustee under the Scheme where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

SCHEME LIMIT

The Board shall not grant any further Award which would result in the total number of Shares which are the subject of Awards granted under the Scheme (excluding those which have lapsed) representing in aggregate over 10% of the total issued share capital of the Company as at the Adoption Date or such other percentage as determined by the Board from time to time.

No Award shall be granted to any single Selected Participant which would result in the maximum number of Awarded Shares which are the subject of the Awards granted to such Selected Participant (including those which have lapsed) under the Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the issued share capital of the Company as at the Adoption Date.

TERMINATION

The Scheme shall terminate on the earliest of (i) the date of the 10th anniversary date of the Adoption Date; (ii) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation, reconstruction or scheme of arrangement) and (iii) such date of early termination as determined by the Administration Committee provided that such termination shall not affect any subsisting rights of any Selected Participant thereunder.

Upon termination, (i) no further Award shall be made; (ii) all the Awarded Shares (and any corresponding amount of Cash Dividends derived therefrom) held upon the Trust and not yet vested shall become vested on the Selected Participant(s) so referable on such date of termination save in respect of a Lapse under the Scheme Rules; (iii) the Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee within 20 Business Days (on which the trading of the Shares has not been suspended) of receiving notice of such termination of the Scheme (or such longer period as the Board may otherwise determine) and (iv) Residual Cash, net proceeds of sale and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale.

DEFINITIONS

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

“Acceptance Form”	the form enclosed with the Award Notice to be signed by the Selected Participant acknowledging his or her acceptance of the Awarded Shares and Cash Dividends pursuant to the Scheme Rules and the Award Notice;
“Administration Committee”	a sub-committee of the Board comprising all executive Directors, which has been delegated with the power and authority by the Board to handle the operational matters of the Scheme;
“Adoption Date”	19 December 2014, the date on which the Scheme is adopted by the Board;
“Award”	an award of Shares by the Board to a Selected Participant pursuant to the Scheme;
“Award Notice”	notice issued to a Selected Participant containing the terms and conditions of an Award;
“Award Period”	in respect of an Award of a Selected Participant, the full term of the period from the date of acceptance of an Award to the date of vesting of the last of the Awarded Shares or the lapse of all Awarded Shares and Cash Dividends under the Award, whichever is earlier, during which such Selected Participant is employed or engaged to provide services in or for the Group;
“Awarded Shares”	in respect of a Selected Participant, such number of Shares determined by the Board and purchased by the Trustee upon instructions of the Administration Committee, in each case as proportionally adjusted by the Administration Committee for any subdivision, consolidation, reclassification or reconstruction of the share capital of the Company from time to time;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday in Hong Kong) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Cash Dividends”	monetary dividends declared and paid by the Company in respect of the Shares held under the Trust;

“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 with the stock code of 665;
“Director(s)”	the director(s) of the Company;
“Excluded Participant(s)”	any Participant who is resident in a place where the settlement of the Reference Amount and the award of the Awarded Shares and/or the Returned Shares and/or the transfer of Shares and/or Cash Dividends pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the absolute discretion of the Board in compliance with such applicable laws and regulations would make it necessary or expedient to exclude such Participant from participation in the Scheme;
“Group”	the Company and the subsidiaries and the expression “member(s) of the Group” shall be construed accordingly;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Lapse”	lapse of an Award pursuant to the Scheme as summarized in the paragraph headed “Vesting and Lapse” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 of the Listing Rules;
“Participant”	any employee or director (including, without limitation, any executive, non-executive or independent non-executive directors) of any member of the Group;
“Reference Amount”	the amount provided by the Company to the Trustee for purchasing Shares under the Scheme;
“Remuneration Committee”	the remuneration committee of the Board;
“Residual Cash”	being cash remaining in the trust fund, Cash Dividends of the Returned Shares or such Cash Dividends being deemed under the Scheme to be Residual Cash;

“Returned Shares”	such Awarded Shares which are not vested in accordance with the terms of the Scheme (whether as a result of a Lapse or otherwise) or dividends derived from the Shares in scrip form, if any, or such Shares being deemed under the Scheme to be Returned Shares;
“Scheme”	the “Share Award Scheme” constituted by the rules of such scheme, in its present form or as amended from time to time in accordance with the provisions thereof;
“Scheme Rules”	the rules relating to the Scheme;
“Selected Participant(s)”	Participant(s) selected by the Board for participation in the Scheme;
“Shareholder(s)”	holder(s) of Share(s);
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed dated 19 December 2014 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time); and
“Trustee”	Teeroy Limited, being the trustee for the time being of the Trust declared in the Trust Deed, which is independent and not connected with the Company.

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

Hong Kong, 19 December 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*