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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **HAITONG INTERNATIONAL SECURITIES GROUP LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF THE SGM**

A notice convening the SGM of Haitong International Securities Group Limited (the “**Company**”) to be held at Multi-function Room, 19th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Monday, 8 June 2015 at 11:00 a.m. or immediately after conclusion of the Company’s annual general meeting to be held on the same day whichever is later is set out on pages 20 to 21 of this circular.

A proxy form for use at the SGM and any adjournment thereof is enclosed with this circular. Such proxy form can also be downloaded from the websites of HKEx (www.hkexnews.hk) and the Company (www.htisec.com). Whether or not you are able to attend the SGM or any adjourned meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company’s Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish.

21 May 2015

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DEFINITIONS

In this circular (not including the accompanying SGM Notice), the following expressions have the following meanings unless the context requires otherwise:

“Adoption Date”	the date on which the conditions set out in the resolution of the Company adopting the New Share Option Scheme in general meeting are satisfied;
“Board” or “Board of Directors”	the board of Directors;
“Business Day”	means a day (other than a Saturday or a Sunday) on which the Stock Exchange is opened for the business of dealing in securities;
“Company”	Haitong International Securities Group Limited, an exempted company incorporated in Bermuda with limited liability with its Shares listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Exercise Period”	means a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, and in any event such period of time shall not exceed a period of 5 years commencing on the Offer Date and expire on the last day of such period;
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 23 August 2002 which has expired on 22 August 2012;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a personal representative who is entitled to any such Share Option in consequence of the death of the original Grantee;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKEx”	Hong Kong Exchanges and Clearing Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“HSCL”	Haitong Securities Co., Ltd., a joint stock company incorporated in PRC with limited liability, whose overseas listed foreign invested shares are listed on the Main Board of the Stock Exchange (stock code: 6837) and Shanghai Stock Exchange (stock code: 600837), and the holding company of HTIH;
“HTIH”	Haitong International Holdings Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of HSCL and the controlling shareholder of the Company;
“Latest Practicable Date”	18 May 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Bye-laws”	the bye-laws of the Company, as amended, supplemented or modified;
“New Share Option Scheme”	the new share option scheme to be adopted by the Company at the SGM under the Ordinary Resolution, a summary of the principal terms of the rules of which are set out in the Appendix to this circular;
“Offer”	the offer of the grant of a Share Option made by the Board in accordance with the New Share Option Scheme;
“Offer Date”	the date on which an Offer is made to a Participant, which date must be a Business Day;
“Ordinary Resolution”	the proposed ordinary resolution as set out in the SGM Notice;
“Participant(s)”	a director (whether executive or non-executive and whether independent or not) or employee (whether full-time or part-time) of the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to the Company or the Group;
“PRC”	the People’s Republic of China;

DEFINITIONS

“SGM”	the special general meeting of the Company to be held at Multi-function Room, 19th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Monday, 8 June 2015 at 11:00 a.m. or immediately after conclusion of the Company’s annual general meeting to be held on the same day whichever is later;
“SGM Notice”	the notice for convening the SGM set out on pages 20 to 21 of this circular;
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Share Option(s)”	the option(s) to subscribe for Shares pursuant to the New Share Option Scheme;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.



HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

海通國際證券集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 665)

Board of Directors:

Executive Directors

Mr. LI Jianguo (*Deputy Chairman*)
Mr. LIN Yong (*Deputy Chairman and
Managing Director*)
Mr. POON Mo Yiu
Mr. HUI Yee Wilson

Non-executive Directors

Mr. JI Yuguang (*Chairman*)
Mr. CHENG Chi Ming Brian
Ms. WANG Meijuan
Mr. William CHAN

Independent Non-executive Directors

Mr. TSUI Hing Chuen William *JP*
Mr. LAU Wai Piu
Mr. LIN Ching Yee Daniel
Mr. WEI Kuo-chiang

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business in Hong Kong:

22nd Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

21 May 2015

Dear Shareholders

**PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF THE SGM**

1. INTRODUCTION

The purpose of this circular is to provide you with information and to seek your approval of the resolution regarding the proposed adoption of the New Share Option Scheme and to provide you with the SGM Notice.

LETTER FROM THE BOARD

2. ADOPTION OF THE NEW SHARE OPTION SCHEME

The Existing Share Option Scheme expired on 22 August 2012 and no further Share Options can be granted thereafter. The Board proposes to recommend to the Shareholders to approve the New Share Option Scheme, the principal terms of which is set out in Appendix to this circular, so that Share Options may be granted to the Participants pursuant to the terms thereof.

Moreover, pursuant to Rule 17.02(1)(a) of the Listing Rules, as the Company is a subsidiary of HSCL, the adoption of the New Share Option Scheme is conditional upon the passing of the relevant resolution by HSCL at the annual general meeting of its shareholders to be held on 8 June 2015.

The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution to approve the New Share Option Scheme by the Shareholders at the SGM and to authorize the Board to grant the Share Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Share Options granted under the New Share Option Scheme;
- (ii) the passing of a special resolution by the shareholders of HSCL at its annual general meeting to be held on 8 June 2015 to approve the adoption of the New Share Option Scheme; and
- (iii) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Share Options under the New Share Option Scheme.

Subsequent to the announcement of the Company dated 13 April 2015 in relation to the proposed adoption of the New Share Option Scheme, the Board has further revised some of the proposed terms of the New Share Option Scheme as set out in the Appendix to this circular. Pursuant to the terms of the New Share Option Scheme, the Board may, under recommendations of the remuneration committee of the Company, in its absolute discretion make an Offer to any Participant to subscribe for such number of Shares as the Board may determine. The New Share Option Scheme does not stipulate any performance target which needs to be achieved by the Grantee before the Share Options can be exercised. In order to sustain a long-term employment relationship between the Company and the Grantee(s), Grantees must hold their Share Options for a holding period of not less than 6 months from the date of acceptance of the Offer by the Grantee, before the Share Options can be exercised. The maximum Exercise Period is proposed to be 5 years. The Board may also at its discretion when making the Offer impose any conditions, restrictions or limitations in relation thereto as it may think fit. The Board believes that this will provide the Board with more flexibility in setting the terms and conditions of the Share Options under particular circumstances of each grant and facilitate the Board's aim to offer meaningful incentive to attract, retain and motivate talented employees towards the performance goals in the business operation and other long-term performance targets set by the Group.

LETTER FROM THE BOARD

As at the Latest Practicable Date, no Share Options under the New Share Option Scheme have been granted and the Board considers that it is inappropriate to state the value of the Share Options as if they had been granted on the Latest Practicable Date given that a number of variables which are necessary for the calculation of the value of the Share Options cannot be ascertained at this stage. Such variables include the exercise price, Exercise Period, interest rate and other relevant variables. The Board believes that any calculation of such value of the Share Options on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful but would instead be misleading the Shareholders.

None of the Director is a trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee of the New Share Option Scheme, if any.

As at the Latest Practicable Date, there were aggregate of 2,560,812,530 Shares in issue. Unless refreshed pursuant to the New Share Option Scheme, the initial maximum number of Shares that may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company is 212,924,439 Shares, representing 8.3% of the Shares in issue as at the Latest Practicable Date and approximately 10% of the issued shares as at 30 November 2014, being the date of tentative approval of the New Share Option Scheme by the management of the Company. The New Share Option Scheme is also subject to an annual grant limit of no more than 21,292,444 Shares that may be issued upon the exercise of such Options. Shareholders' attentions are drawn to the appendix of this circular for a summary of the terms of the New Share Option Scheme.

An application will be made to the Stock Exchange of the listing and permission to deal in the Shares that may be issued pursuant to the exercise of Share Options that may be granted under the New Share Option Scheme.

A copy of the New Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong during normal business hours from the date hereof up to and including the date of the SGM, which is a period of not less than 14 days before the date of the SGM.

3. SGM

The SGM Notice is set out on pages 20 to 21 of this circular. At the SGM, the Ordinary Resolution will be proposed to adopt the New Share Option Scheme.

4. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In accordance with Bye-law 66 of the New Bye-laws, the chairman of the SGM will therefore demand a poll on each of the resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

An announcement will be published by the Company on the websites of the HKEx (www.hkexnews.hk) and the Company (www.htisec.com) after the conclusion of the SGM to inform the Shareholders of the voting results of the SGM.

5. ACTION TO BE TAKEN

A proxy form for use by the Shareholders at the SGM and at any adjournment thereof is enclosed with this circular and such proxy form can also be downloaded from the websites of HKEx (www.hkexnews.hk) and the Company (www.htisec.com).

Whether or not you are able to attend the SGM or any adjourned meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish.

6. RESPONSIBILITY STATEMENT

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

7. RECOMMENDATION

There is no Shareholder who is required to abstain from voting in respect of the Ordinary Resolution.

The Directors are of the opinion that the proposed adoption of the New Share Option Scheme is in the best interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the Ordinary Resolution.

8. FURTHER INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Yours faithfully
By order of the Board
LIN Yong
Deputy Chairman and Managing Director

The following is a summary of the principal terms of the New Share Option Scheme to be conditionally approved by the Shareholders at the SGM but such summary does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an added incentive to work better for the interest of the Group.

2. DURATION AND ADMINISTRATION

- 2.1 The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date after which period no further Share Options will be granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect and Share Options which are granted during the life of the New Share Option Scheme may continue to be exercisable in accordance with their terms of issue.
- 2.2 The New Share Option Scheme shall be subject to the administration of the Board whose decisions as to all matters relating to the New Share Option Scheme including the interpretation or effect thereof shall be final and binding on all parties provided that the same is not inconsistent with the provisions of the New Share Option Scheme and the Listing Rules. Without limiting the generality of the foregoing, the Board shall have the ultimate power to determine whether a person is eligible to participate in the New Share Option Scheme.
- 2.3 The Board shall have the power to delegate its powers in relation to the administration of the New Share Option Scheme as outlined in paragraph 2.2, to any qualified broker house or professional trustee in Hong Kong from time to time.

3. GRANT OF SHARE OPTION

- 3.1 On and subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time during the 10-year period from the Adoption Date unless terminated pursuant to the provisions of the New Share Option Scheme (the “**Term**”) to make an Offer to any Participant as the Board, under recommendations of the remuneration committee of the Company, may in its absolute discretion select to subscribe for such number of Shares as the Board may (subject to paragraph 7)

determine at the price calculated in accordance with paragraph 4 (the “**Exercise Price**”) provided that such grant of Share Option may not be made:

- (a) after an event involving inside information has occurred or a matter involving inside information has been the subject of a decision until such inside information has been published by the Company in accordance with the Listing Rules;
- (b) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results of the Company; and
- (c) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results of the Company.

- 3.2 An Offer shall be made to a Participant in writing by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Participant to whom an Offer is made for a period of 28 days from the Offer Date (or such other period as the Board may determine) provided that no such Offer shall be opened for acceptance after the expiry of the Term or after the New Share Option Scheme has been terminated in accordance with the provisions thereof.
- 3.3 An Offer shall be deemed to have been accepted and the Share Option to which the Offer relates shall be deemed to have been granted when the duplicate letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 28 days from the Offer Date. Such remittance shall in no circumstances be refundable.
- 3.4 Any Offer may be accepted or deemed to have been accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 28 days in the manner indicated in sub-paragraph 3.3, it will be deemed to have been irrevocably declined.
- 3.5 Subject to the provisions of the New Share Option Scheme, the Board may at its discretion when making the Offer impose any conditions, restrictions or limitations in relation thereto as it may think fit.

- 3.6 No Director shall decide the grant of Option to himself/herself. A grant of Share Options to a connected person (with the meaning as ascribed under the Listing Rules) of the Company under the New Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Share Options).
- 3.7 Upon an Offer being accepted or deemed to have been accepted, each relevant Grantee gives the Company the unfettered right to publish an announcement relating to the terms of the Offer in accordance with the Listing Rules from time to time, setting out, the relevant details of the Offer.

4. EXERCISE PRICE

Subject to any adjustments made pursuant to the terms of the New Share Option Scheme, the Exercise Price shall be a price solely determined by the Board and shall be at least the highest of:

- (a) a price equal to 110% of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

5. EXERCISE OF SHARE OPTIONS

- 5.1 A Share Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Share Option or transfer in favour of any third party over or in relation to any Share Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Share Option or part thereof granted to such Grantee.
- 5.2 Unless otherwise determined by the Board and stated in the letter from the Company to the Grantee, in respect of a Share Option, no performance target needs to be achieved by the Grantee before the Share Options can be exercised. Grantees must hold their Share Options for a holding period (the "**Holding Period**") of not less than 6 months from the date of acceptance of the Offer by the Grantee, before the Share Options can be exercised. Provided that the provisions in the New Share Option Scheme are complied with, a Share Option may be exercised in whole or in part by the Grantee giving notice in writing to the Company stating that the Share Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a payment for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and remittance and, where appropriate, receipt of

the auditors' certificate pursuant to paragraph 9, the Company shall allot the relevant Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted.

5.3 Subject to as hereinafter provided, the Share Option may be exercised by the Grantee at any time during the Exercise Period provided that:

- (a) in the event of the Grantee ceasing to be a Participant for any reason other than of his or her death or the termination of his or her employment or directorship on one or more of the grounds specified in sub-paragraph 6(e), the Grantee may exercise the Share Option up to his or her entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within the period of one month following the date of such cessation, which date shall be the last actual working day with the Company, the relevant subsidiary of the Company or the relevant associated company of the Company, as the case may be (the “**Relevant Company**”), whether salary is paid in lieu of notice or not or the last date of appointment as full-time employee or director of the Relevant Company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or governing body of the Relevant Company shall be conclusive;
- (b) in the event the Grantee dies before exercising the Share Option in full and none of the events which would be a ground for termination of his or her employment or directorship under sub-paragraph 6(e) arises, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death of the Grantee or before the expiry of the Exercise Period, whichever is earlier, or such longer period as the Board may determine, to exercise the Share Option up to the entitlement of such Grantee at the date of death (to the extent not already exercised) or, if appropriate, make an election pursuant to sub-paragraph 5.3(c), (d) or (e);
- (c) If a general or partial offer is made, whether under the Code on Takeovers in Hong Kong (“**Takeovers Code**”), the Companies Act 1981 of Bermuda or otherwise in like manner (other than by way of scheme of arrangement), to all holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (within the meaning of the Takeovers Code) and if such offer becomes and is declared unconditional after the Holding Period and prior to the expiry of the relevant Exercise Period, the Grantee may by notice in writing to the Company exercise the Share Option to in full (to the extent which has become exercisable on the date of the notice of the offeror and not already exercised) or to the extent specified in such notice at any time within 21 days after the date on which the offer becomes or is declared unconditional;

- (d) if a compromise or arrangement between the Company and the Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees on the same date as it despatches the notice of meeting to each Shareholder or creditor of the Company to consider such a compromise or arrangement, and thereupon each Grantee may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the end of two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court exercise any of his or her Share Options whether in full or in part (to the extent which has become exercisable and not already exercised) by notice in writing to the Company, but the exercise of a Share Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Share Options shall lapse except insofar as previously exercised under the New Share Option Scheme. The Company may require the Grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of Share Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and
- (e) in the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to convene the Shareholders' meeting, give notice thereof to all Grantees. Each Grantee (or his or her legal personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than two Business Days prior to the proposed general meeting) exercise the Share Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.
- 5.4 The Shares to be allotted upon the exercise of a Share Option will be subject to all the provisions of the New Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders the rights (including those arising on a liquidation of the Company) to vote and to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment.

6. LAPSE OF SHARE OPTION

A Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Exercise Period;
- (b) the expiry of any of the periods referred to in sub-paragraph 5.3 (a) or (b);
- (c) subject to the Supreme Court of Bermuda not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in sub-paragraph 5.3(c);
- (d) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph 5.3(d);
- (e) the date on which the Grantee ceases to be an employee or director of the Relevant Company, by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which the Relevant Company would be entitled to terminate the Grantee's employment, directorship or office or appointment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Relevant Company, in the event of which a resolution of the Board to the effect that the employment or directorship of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 6(e) shall be conclusive;
- (f) the close of the two Business Days prior to the general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company or the date of the commencement of the winding-up of the Company;
- (g) the date on which the Grantee commits a breach of sub-paragraph 5.1 (if the Board exercises the Company's right to cancel the Share Option); or
- (h) the date on which the Share Option is cancelled by the Board as provided in paragraph 11.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR EXERCISE

7.1 Subject to sub-paragraph 7.2:

- (a) The total number of Shares which may be issued upon exercise of all Share Options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 212,924,439 Shares (the "**Scheme Limit**") unless the Company obtains a fresh approval

pursuant to sub-paragraph 7.1(b). In respect of the period of 12 months from the Adoption Date and for each of the subsequent periods of 12 months from the previous anniversary of the Adoption Date (each of those 12-month periods is hereinafter referred to as a “**Scheme Year**”), the total number of Shares which may be issued upon exercise of the Share Options granted in each Scheme Year shall not exceed 21,292,444 Shares (the “**Annual Limit**”), unless the Company obtains a fresh approval pursuant to sub-paragraph 7.1(b). However, if the Board considers that the performance of the Group in the previous financial year did not meet with the Board’s expectation, the Board may adjust the Annual Limit downwards from time to time as the Board may consider appropriate. Share Options lapsed in accordance with the terms of the New Share Option Scheme shall not be counted for the purpose of calculating any of the Scheme Limit or the Annual Limit. For avoidance of doubt, if the Scheme Limit and/or the Annual Limit is refreshed pursuant to sub-paragraph 7.1(b), such maximum number of Shares as “refreshed” will be deemed to replace the Scheme Limit or the Annual Limit (as the case may be) as specified in the New Share Option Scheme immediately before such refreshment and the maximum numbers of Shares specified as the Scheme Limit or the Annual Limit (as the case may be) under the New Share Option Scheme will be deemed to be amended accordingly.

- (b) The Company may from time to time seek approval of its Shareholders and the approval of the shareholders of HSCL (so long as the Company is a subsidiary of HSCL under the Listing Rules) in the respective general meetings to renew the Scheme Limit and/or the Annual Limit set out in sub-paragraph 7.1(a) such that the total number of Shares in respect of which Share Options may be granted by Directors under the New Share Option Scheme under the limit as “refreshed” (i) in respect of the Scheme Limit, shall not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshment; and (ii) in respect of the Annual Limit, shall not exceed 1% of the issued share capital of the Company as at the date of approval of the refreshment. Share Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed or exercised share options) will not be counted for the purpose of calculating such limits as “refreshed” as set out in this sub-paragraph 7.1(b). The Company shall send a circular to its Shareholders pursuant to Chapter 17 of the Listing Rules.
- (c) Subject to the approval of its Shareholders and the approval of the shareholders of HSCL (so long as the Company is a subsidiary of HSCL under the Listing Rules) in the respective general meetings, the Company may grant Share Options to specified Participant(s) beyond any of the limits set out in sub-paragraph 7.1(a) or sub-paragraph 7.1(b) (as the case may be) provided the Share Options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to its Shareholders containing a generic

description of the specified Participant(s) who may be granted such Share Options, the number and terms of the Share Options to be granted, the purpose of granting Share Options to the specified Participant(s) with an explanation as to how the terms of the Share Options serve such purpose, the information required under Chapter 17 of the Listing Rules.

- 7.2 Notwithstanding anything in sub-paragraph 7.1 and subject to paragraph 8, the maximum number of Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time.

8. MAXIMUM ENTITLEMENT OF SHARES OF EACH PARTICIPANT

- 8.1 (a) Subject to sub-paragraphs 8.1(b), (c) and (d), the total number of Shares issued and to be issued upon exercise of the Share Options granted to each Participant under the New Share Option Scheme and any other option schemes (including both exercised and outstanding Share Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (b) Notwithstanding sub-paragraph 8.1(a), where any further grant of Share Options to a Participant would result in the Shares issued and to be issued upon exercise of all Share Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Share Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and such Participant's Associates abstaining from voting. In such case, the Company shall send a circular to its Shareholders and the circular shall disclose the identity of the Participant, the number and terms of the Share Options to be granted (and Share Options previously granted to such Participant), the information required under Chapter 17 of the Listing Rules. The number and terms (including the exercise price) of the Share Options to be granted to such Participant shall be fixed before Shareholders' approval and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.
- (c) In addition to paragraph 7 and sub-paragraphs 8.1(a) and 8.1(b), each grant of Share Options to a Participant who is a Director, chief executive or substantial Shareholder (with the meaning as ascribed under the Listing Rules) of the Company or any of their respective associates (with the meaning as ascribed under the Listing Rules) must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the Grantee).

(d) Where the Board proposes to grant any Share Option to a Participant who is a substantial Shareholder (with the meaning as ascribed under the Listing Rules) or an independent non-executive Director or any of their respective associates (with the meaning as ascribed under the Listing Rules) which would result in the Shares issued and to be issued upon exercise of all Share Options already granted and to be granted (including Share Options exercised, cancelled and outstanding) to the Participant under the New Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date on which such proposal is made by the Board (the “**Relevant Date**”):

- (i) representing in aggregate more than 0.1% of the total number of Shares in issue at the Relevant Date; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Relevant Date and if the Relevant Date is not a Business Day, the Business Day immediately preceding the Relevant Date, in excess of HK\$5,000,000,

such proposed grant of Share Options must be approved by the Shareholders in general meeting. In such case, the Company shall send a circular to its Shareholders containing all the information as required under the Listing Rules. All connected persons (with the meaning as ascribed under the Listing Rules) of the Company shall abstain from voting (except where any connected person may vote against the relevant resolution at such general meeting provided that his intention to do so has been stated in the circular to the Shareholders and that the Listing Rules including Rules 13.40, 13.41 and 13.42, have been complied with). Any vote taken at the meeting to approve the grant of such Share Options must be taken on a poll.

8.2 Subject to sub-paragraphs 7.1 to 7.2 and sub-paragraph 8.1 above, in the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company or otherwise howsoever, the maximum number of Shares referred to in sub-paragraphs 7.1 to 7.2 and sub-paragraph 8.1 will be adjusted, in such manner which must give a Grantee the same proportion of the issued share capital of the Company as that the Grantee was previously entitled, provided that no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. An independent financial adviser or the auditors of the Company (acting as experts and not as arbitrators) shall confirm to the Directors in writing that the adjustments satisfy the requirements mentioned above in this sub-paragraph and those set out in the note to Rule 17.03(13) of the Listing Rules.

9. ALTERNATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company or otherwise howsoever in accordance with the legal requirements and the requirements of the Stock Exchange excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction, such corresponding alterations (if any) shall be made to:

- (a) the number or nominal amount of Shares subject to the Share Option so far as unexercised; and/or
- (b) the Exercise Price,

as an independent financial adviser or the auditors of the Company shall confirm in writing to the Directors, either generally or as regards any particular Grantee that any such alterations shall satisfy the requirements as set out in the note to Rule 17.03(13) of the Listing Rules and the Supplementary Guidance and shall give a Grantee the same proportion of the issued share capital of the Company as that to which he or she is previously entitled, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value or that would be made to the advantage of the Grantee or would increase the intrinsic value of any Share Option (comparing the difference between the market price (or theoretical ex-entitlement price) of the Shares under the Share Option and the Exercise Price (or revised Exercise Price) of the Share Options immediately before and after the alteration in the capital structure of the Company). The capacity of the independent financial adviser or the auditors in this paragraph is that of experts and not of arbitrators and their confirmation shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the auditors shall be borne by the Company.

10. ALTERATION OF THE NEW SHARE OPTION SCHEME

10.1 The New Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Share Option Scheme as to :

- (a) the definitions of “Participant”, “Grantee” and “Exercise Period”; and
- (b) the provisions of sub-paragraphs 2.1, 3.1, 3.2 and 3.3, and paragraphs 4, 5, 6, 7, 8, 9, 11, 12 and this paragraph 10,

shall not be altered to extend the class of persons eligible for the grant of Share Options or to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Company in general meeting with the relevant Grantees, Participants and other interested parties and their respective associates (with the meaning as ascribed under the Listing Rules) abstaining from voting, provided that no such alteration shall operate to affect adversely the terms of issue of any Share Option granted or agreed to be granted prior to such alteration except with

the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the New Bye-Laws for the time being of the Company for a variation of the rights attached to the Shares.

10.2 Any alteration to the terms and conditions of the New Share Option Scheme, which are of a material nature or any change to the terms of Share Options granted, shall be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing term of the New Share Option Scheme.

10.3 Any change to the authority of the Directors or scheme administrators of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

10.4 The amended terms of the New Share Option Scheme or the Share Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

11. CANCELLATION OF THE SHARE OPTIONS

The Company by resolution in general meeting or the Board may at any time cancel any Share Option granted but not exercised. Where the Company offers Share Options to the same Share Option holder, the offer of such new Share Options may only be made, under the New Share Option Scheme with available Share Options (to the extent not yet granted and excluding the cancelled Share Options) within the limit approved by Shareholders as mentioned in subparagraph 7.

12. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Share Options will be offered but in all other respects the provisions of the New Share Option Scheme in relation to any outstanding Share Options shall remain in full force and effect.

13. MISCELLANEOUS

13.1 The New Share Option Scheme shall not form part of any contract of employment between the Relevant Company and any Participant and the rights and obligations of any Participant under the terms of his or her office or employment shall not be affected by his or her participation in the New Share Option Scheme or any right which he or she may have to participate in it and the New Share Option Scheme shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

13.2 The New Share Option Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Share Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

- 13.3 The Company shall bear the costs of establishing and administering the New Share Option Scheme.
- 13.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares.
- 13.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong at 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong or as notified to the Grantees from time to time and, in the case of the Grantee, his or her correspondence address in Hong Kong as notified to the Company from time to time.
- 13.6 Any notice or other communication served by post:
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 13.7 A Grantee shall be responsible for complying with all legal and procedural requirements and obtaining all necessary governmental or other official consents, permission, approvals and authorizations that may be required under any applicable law, rules or regulations by any country or jurisdiction in order to permit the grant or exercise of the Share Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consents, permission, approvals or authorizations or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in the New Share Option Scheme.
- 13.8 The Board shall have the power from time to time to make or vary regulations for the administration and operation of the New Share Option Scheme, provided that the same are not inconsistent with the provisions of the New Share Option Scheme.
- 13.9 The New Share Option Scheme and all Share Options granted thereunder shall be governed by and construed in accordance with the laws of Hong Kong.

NOTICE OF THE SGM



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)

NOTICE OF SGM

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Haitong International Securities Group Limited (the “**Company**”) will be held at Multi-function Room, 19th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Monday, 8 June 2015 at 11:00 a.m. or immediately after conclusion of the Company’s annual general meeting to be held on the same day whichever is later for the purpose of considering and, if thought fit, passing with or without modifications the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. **“THAT** subject to the approval by the shareholders of Haitong Securities Co., Ltd., the holding company of Haitong International Holdings Limited, the controlling shareholder of the Company, at its general meeting and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the shares of HK\$0.10 each in the capital of the Company which may fall to be issued pursuant to the new share option scheme (a copy of which is produced to the meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) (the “New Share Option Scheme”), the New Share Option Scheme be and is hereby approved and adopted by the Company and the board of directors of the Company be and are hereby authorized to grant options and to allot, issue and deal with the shares pursuant to the exercise of any option granted thereunder and to take such steps and do such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme.”

By order of the Board

Haitong International Securities Group Limited

LAU Yik Chi

Company Secretary

Hong Kong, 21 May 2015

Principal Place of Business in Hong Kong:

22nd Floor, Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

NOTICE OF THE SGM

Notes:

1. Every shareholder of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote in his/her stead. A shareholder who is the holder of two or more shares may appoint more than one proxy. A proxy need not be a shareholder of the Company.
2. In order to be valid, the proxy form, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof.
3. The proxy form for use at the SGM is enclosed in the circular. Completion and delivery of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the SGM or any adjourned meeting thereof if the shareholder of the Company so desires, and in such event, the proxy form will be deemed to be revoked.
4. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint registered holders are present at the SGM personally or by proxy, then one of the registered holders so present whose name stands first on the register of members of the Company in respect of such share, or his/her proxy, shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect thereof.
5. The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to attend and vote at the SGM, from Thursday, 4 June 2015 to Monday, 8 June 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, unregistered holders of the shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3 June 2015.

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

* *Non-executive Directors*

** *Independent Non-executive Directors*