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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)

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION

The Board is pleased to announce that on 15 February 2019 (after trading hours), the Company and HSCL have entered into the Master Agreement, pursuant to which, among others, the Group and the HSCL Group have conditionally agreed to engage in various services, and investment and financial transactions with each other for a term from 1 January 2019 to 30 June 2021.

HSCL is the holding company of HTIH, a controlling shareholder of the Company, and therefore HSCL is a connected person of the Company and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios based on the proposed annual caps in respect of the Transactions exceeds 5%, the Transactions and the proposed annual caps in respect thereof are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as the highest of the applicable percentage ratios in respect of the financial assistance transactions under the Master Agreement is more than 25%, the financial assistance transactions under the Master Agreement also constitute major transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the announcement, circular and shareholders' approval requirements thereunder.

A circular containing, among others, the particulars of the Master Agreement together with a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice of the SGM is expected to be despatched to the Shareholders on or before 30 April 2019, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

INTRODUCTION

Reference is made to the 2016 Announcements. Pursuant to the Previous Master Services Agreement, the Company and HSCL agreed that member(s) of the Group and member(s) of the HSCL Group would conduct the Previous Transactions with each other for a term of 3 years from 1 January 2016 to 31 December 2018.

On 15 February 2019 (after trading hours), the Company and HSCL have entered into the Master Agreement, pursuant to which, among others, the Group and the HSCL Group have conditionally agreed to engage in various services, and investment and financial transactions with each other for a term from 1 January 2019 to 30 June 2021. The Company and HSCL conditionally agreed that each of them will, and will respectively procure member(s) of the Group (to the extent practicable) and member(s) of the HSCL Group (to the extent practicable) to carry out in the ordinary course of business the Transactions with member(s) of the HSCL Group and member(s) of the Group (as the case may be). The principal terms of the Master Agreement are summarised below.

PRINCIPAL TERMS OF THE MASTER AGREEMENT

Date

15 February 2019 (after trading hours)

Parties

- (1) the Company; and
- (2) HSCL

Duration

The Master Agreement will, subject to compliance with all relevant Listing Rules requirements by each of the Company and HSCL, be effective for a term from 1 January 2019 to 30 June 2021. For the avoidance of doubt, in respect of any Transactions of which the applicable percentage ratio(s) is less than 5%, they will become effective after issuance of this announcement whereas in respect of any Transactions of which the applicable percentage ratio(s) exceeds 5%, they will be subject to the shareholders' approval of the Company.

Nature of transactions

(1) Service Transactions

Brief particulars of the services transactions to be provided (a) by the Group to the HSCL Group and (b) by the HSCL Group to the Group as contemplated under the Master Agreement are summarised below:

- (i) **Brokerage transactions:** brokerage services and its ancillary services, (a) provided by the Group in relation to dealing in financial products (including back-to-back transactions) in Hong Kong or overseas, and (b) provided by the HSCL Group in relation to dealing in financial products (including back-to-back transactions) that are permitted by PRC and overseas regulators, and including proprietary trading of member(s) of the counterparty's group and placing agency services.

- (ii) ***Investment management and advisory services transactions:*** investment management and/or advisory services, including but not limited to the provision of financial analysis, asset allocation, and various kinds of ancillary consultancy, investment management and advisory services.
- (iii) ***Business and/or operational support, referral, global research and/or other miscellaneous services transactions:*** (I) providing business and/or operational support or referral and/or global research services etc. and other miscellaneous services including but not limited to performing as calculation agent and valuation agent, acting as collateral custodian, conducting market research, referring client and/or business between the Group and the HSCL Group for financial services, commercial and corporate finance deals etc; (II) providing research services, including but not limited to preparing industry sector or products reports of Hong Kong, overseas and PRC listed companies, designing products, participating in roadshows, etc.
- (iv) ***Corporate finance advisory and services :*** financial advisory services, including but not limited to advising on compliance with relevant laws, rules and regulations, acting as placing agent, listing agent, bookrunner, sponsor, global co-ordinator and financial adviser etc., excluding underwriting commitment.

The transactions described in (1)(i) to (iv) above are collectively referred to as “**Category 1 Transactions**” in this announcement.

(2) Investment, Lending and Other Financial Transactions

Brief particulars of the investment, lending and other financial transactions contemplated under the Master Agreement are summarised below:

- (i) ***Fund investment, financial assistance and securities lending:*** investment of funds into investment funds or entities jointly invested by the Group and the HSCL Group; providing secured or unsecured credits and/or loans; acting as arranger, agent or lead lender of syndicated loans; subscription of financial products (including in the nature of additional tier-1 bonds or similar quasi-equity instruments), lending of the units/shares. Such lent securities will be deposited in an account of HSCL Group maintained with the Group or an account of the Group maintained with the HSCL Group (as the case may be).

The preliminary term for securities lending transactions mentioned under this heading will be no more than 12 months, subject to extension of not exceeding 12 months each.

- (ii) ***Principal-to-principal transactions:*** entering into swaps arrangements (which do not belong to any other categories of transactions) and dealing in financial products (including in the nature of additional tier-1 bonds or similar quasi-equity instruments) between the Group and the HSCL Group on a principal-to-principal basis.
- (iii) ***Underwriting:*** underwriting between the Group and the HSCL Group for issue of securities and financial products, rights issues and placing, etc.

The transactions described in (2)(i) to (iii) above are collectively referred to as “**Category 2 Transactions**” in this announcement.

The scope of the Transactions may be amended from time to time by agreement in writing between the Company and HSCL, subject to, if applicable, compliance by the Company with all relevant requirements under the Listing Rules.

The Group and the HSCL Group shall from time to time enter into specific agreements for the Transactions. The terms and pricing mechanism of the transactions under each specific agreement shall be fair and reasonable and negotiated on an arm's length basis within their respective ordinary and usual course of business, which, (a) in respect of the services provided by the HSCL Group to the Group, shall be no more favourable to the HSCL Group than the pricing and terms provided by the HSCL Group to independent third parties, and no less favourable to the Group than the pricing and terms provided to the Group by, or obtained by the Group from, independent third parties for similar (including similar nature) transactions; and (b) in respect of the services provided by the Group to the HSCL Group, shall be no less favourable to the Group than the pricing and terms provided by the Group to independent third parties for similar (including similar nature) transactions, and no more favourable to the HSCL Group than the pricing and terms provided to the HSCL Group by, or obtained by the HSCL Group from, independent third parties.

Termination

The Master Agreement may be terminated before expiration of its full term upon mutual agreement in writing by both parties or in certain circumstances, including upon material default by a party.

Pricing and settlement method

Pursuant to the Master Agreement, the pricing of the Transactions are set out as follows:

Category 1 Transactions

Pricing in respect of income receivable by the Group from the HSCL Group will follow the Group's pricing standard applicable to all its clients (connected persons and independent third parties alike), accordingly the amounts to be charged by the Group against the HSCL Group will be on the same scale as those charged against independent third parties by the Group for similar transactions.

In respect of expense payable by the Group to the HSCL Group, the pricing standard will be as follows:

- (i) Brokerage: The commission/distribution fees will be determined with reference to market rates for distribution of similar products by banks and financial institutions and for trading in the Shanghai B Share and Shenzhen B Share markets, on par with the overall rates and fees commonly charged by independent third party brokers.
- (ii) Investment management and advisory services: The management, performance and/or advisory fees payable by the Group will be determined with reference to the expected setup and operation costs as a baseline plus a margin based on the overall size, scope and period of the investment to be managed, rate of return of the project, QFII/RQFII available quota, setup or operating costs, business strategy direction and future cooperation potential, and advisory scope, as is appropriate, for comparable transactions in the market.

- (iii) Business/operational support, referral, global research and other services: The relevant fees payable by the Group will be determined with reference to the business of the entity involved in the transaction, the mode of services, the size of the transactions, time and method of determining the transactions and the contracting parties' contribution to the transactions.
- (iv) Corporate finance advisory and services: The relevant fees payable by the Group will be determined with reference to the size, complexity and timing of subject transactions, the expected work and resources involved, and the then prevailing market rates for comparable transactions in the market.

Payments for Category 1 Transactions will be settled in cash (i) by way of deducting from the proceeds of the relevant transactions or the portfolio assets (as the case may be), or (ii) paid separately upon the completion of the transaction or in accordance with a schedule as agreed between the parties.

Category 2 Transactions

Pricing in respect of transaction amounts receivable by the Group from the HSCL Group will follow the Group's pricing standard applicable to all its clients (connected persons and independent third parties alike), accordingly the amounts to be charged by the Group against the HSCL Group will be on the same scale as those charged against independent third parties by the Group for similar transactions.

In respect of transaction amounts payable by the Group to the HSCL Group, the pricing basis will be as follows:

- (i) Fund investment, financial assistance and securities lending: (1) The fees and investment amounts for fund investment payable by the Group will be determined with reference to the size and structure of the investment, potential investment returns and timing and availability of funds, subject to a combination of cost based, market based and valuation based approach to achieve a positive net margin; (2) the terms of the financial assistance (not including margin financing) transactions conducted between the Group and the HSCL Group will be based on normal commercial terms, with interest rates to be paid by the Group calculated with reference to, the currency-specific HIBOR/LIBOR plus approximately 1.25% to 1.275%, and for loans in Renminbi, with reference to the market rates offered by commercial banks, such as the Bank of China Limited, for the relevant lending period and a spread incorporating the average external funding cost of the Group on the basis of an unsecured loan; (3) the margin-financing transactions will be conducted with the interest rates determined with reference to standard reference rates such as HSBC Prime Rate applicable for different tiers of stock collaterals.
- (ii) Principal-to-principal trading: The financial products, including any over-the-counter (OTC) derivative products, expected to be acquired by the Group from HSCL Group will be acquired on the same terms which will equally apply to all independent third party purchasers of similar products.
- (iii) Underwriting commitment: The underwriting commitment by the Group will be determined through arm's length negotiations by the parties with reference to the Group's then financial capacity and resources allocated for such purpose, size of the transaction, risk tolerance level and market conditions, where applicable.

Payments for Category 2 Transactions will be settled in cash (i) by way of deducting from the proceeds of the relevant transactions or the portfolio assets (as the case may be), or (ii) paid upon completion of the transaction separately.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER AGREEMENT

As the Transactions are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, the entering into of the Master Agreement will enhance the Group's ability to conduct the Transactions, some of which are time-sensitive in nature, without the need for the Company to announce and convene separate general meeting on each occasion to seek Shareholders' prior approval for entering into the Transactions. The Transactions are expected to fully utilize the existing business setup between the Group and the HSCL Group and lower the Group's operating costs and provide an additional source of revenue for the Group. In addition, it is expected that the Transactions would bring synergies to the Group and the HSCL Group. It is also considered that the Transactions would secure a long-term and reliable business association between the Group and the HSCL Group.

The Board (excluding the independent non-executive Directors whose views will be given after considering the advice to be given by the Independent Financial Adviser) is of the opinion that the Transactions are in the ordinary and usual course of business of the Company, the terms of the Master Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Master Agreement is in the interests of the Group and the Shareholders as a whole.

None of the Directors has any material interest in the Master Agreement and the Transactions and hence none of them is required to abstain from voting on the relevant Board resolution(s) for approving the Master Agreement and the Transactions. Nevertheless, as each of Mr. QU Qiuping, Mr. LIN Yong, Mr. LI Jianguo, Mr. POON Mo Yiu, Mr. SUN Tong, Ms. WANG Meijuan and Mr. ZHANG Xinjun is also a director or officer (as the case may be) of certain members of the HSCL Group, they have voluntarily abstained from voting on the relevant Board resolution(s).

HISTORICAL TRANSACTION FIGURES AND THE PROPOSED ANNUAL CAPS

Historical transaction figures in respect of continuing connected transactions carried out under the Previous Master Services Agreement for the three financial years ended 31 December 2016, 2017 and 2018 are shown below:

	Historical transaction figures		
	for the financial year ended 31 December		
	2016	2017	2018
Previous Transactions	(HK\$ million)	(HK\$ million)	(HK\$ million)
(1) Service transactions (Category 1 Transactions)			
(a) Income received from service transactions provided to member(s) of the HSCL Group (including fees and commissions received from the HSCL Group in respect of the underwriting by the Group)	4.76 ^(Note 1)	4.31 ^(Note 1)	6.16 ^(Note 1)

	Historical transaction figures		
	for the financial year ended 31 December		
	2016	2017	2018
Previous Transactions	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
(b) Expenses incurred for service transactions provided by member(s) of the HSCL Group (including fees and commissions paid by the Group in respect of the underwriting by the HSCL Group)	0.70 <i>(Note 2)</i>	31.89 <i>(Note 2)</i>	41.44 <i>(Note 2)</i>
(2) Investment and financial transactions (Category 2 Transactions, but excluding underwriting commitments which are set out in (3) below)			
(a) Sum received from the HSCL Group attributable to fund investment, financial assistance and securities lending transactions	Nil	Nil	Nil
(b) Sum paid to the HSCL Group attributable to fund investment, financial assistance and securities lending transactions	444.84	409.23	558.96
(c) Transaction amount attributable to principal-to-principal transactions between the Group and the HSCL Group	203.12	Nil	1,183.97
(3) Underwriting commitments			
(a) Amount of underwriting commitments provided by the Group	Nil	Nil	436.50
(b) Amount of underwriting commitments provided by the HSCL Group	76	Nil	Nil

Notes:

- Income from (i) brokerage transactions was approximately HK\$0.58 million, HK\$0.41 million and HK\$0.47 million for the three years ended 31 December 2016, 2017 and 2018 respectively; (ii) investment management and advisory services transactions was approximately HK\$3.35 million, HK\$3.21 million and HK\$4.75 million for the three years ended 31 December 2016, 2017 and 2018 respectively; (iii) corporate finance advisory and services transactions was approximately HK\$0.83 million, HK\$0.69 million and HK\$0.94 million for the three years ended 31 December 2016, 2017 and 2018 respectively. No income from business/operation support, referral, global research and other services transactions was recorded for the three years ended 31 December 2016, 2017 and 2018.
- Expenses incurred from (i) brokerage transactions was approximately HK\$0.70 million, HK\$2.57 million and HK\$0.67 million for the three years ended 31 December 2016, 2017 and 2018 respectively; (ii) business/operation support, referral, global research and other services transactions was approximately HK\$29.32 million for the year ended 31 December

2017 and no expenses was recorded for the years ended 31 December 2016 and 2018; (iii) corporate finance advisory and services transactions was approximately HK\$40.77 million for the year ended 31 December 2018 and no expenses was recorded for the year ended 31 December 2016 and 2017. No expenses was incurred from investment management and advisory services for the three years ended 31 December 2016, 2017 and 2018 respectively.

Proposed annual caps

The proposed annual caps in respect of the Transactions for the financial years ending 31 December 2019 and 31 December 2020 and the financial period ending 30 June 2021 are shown below:

	Proposed annual caps (Note)		
	for the financial year ending 31 December 2019	for the financial year ending 31 December 2020	for the six months ending 30 June 2021
Transactions	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
(1) Service transactions (Category 1 Transactions)			
(a) Income received and/or to be received from service transactions provided to member(s) of the HSCL Group (including fees and commissions received and/or to be received from the HSCL Group in respect of the underwriting by the Group)	630	665	380
(b) Expenses incurred and/or to be incurred for service transactions provided by member(s) of the HSCL Group (including fees and commissions paid and/or to be paid by the Group in respect of the underwriting by the HSCL Group)	300	330	190
(2) Investment and financial transactions (Category 2 Transactions, but excluding underwriting commitments which are set out in (3) below)			
(a) Sum received and/or to be received from the HSCL Group attributable to fund investment, financial assistance and securities lending transactions	33,000	36,000	22,000
(b) Sum paid and/or to be paid to the HSCL Group attributable to fund investment, financial assistance and securities lending transactions	33,000	36,000	22,000
(c) Transaction amount attributable to principal-to-principal transactions between the Group and the HSCL Group	57,000	60,000	31,500

	Proposed annual caps (Note)		
	for the financial year ending 31 December 2019	for the financial year ending 31 December 2020	for the six months ending 30 June 2021
Transactions	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
(3) Underwriting commitments			
(a) Amount of underwriting commitments to be provided by the Group	11,400	12,000	11,310
(b) Amount of underwriting commitments to be provided by the HSCL Group	5,000	6,000	4,000

Note: For the avoidance of doubt, when calculating the utilization of the annual cap, if the nature of an individual transaction is covered by more than one category of transaction, such transaction amount may be included in more than one category of the annual cap. However, if any transaction amount which has been included in one category of the annual caps, then such amount will not be counted towards the other categories.

The respective proposed annual caps were determined by reference to (a) the proposed annual or annualized amount of payment in respect of the transactions to be conducted between member(s) of the Group and member(s) of the HSCL Group; (b) the cross-border merger and acquisition trends in Hong Kong and overseas and the potential impact of relevant state and cross-border policies, including the process of Renminbi internationalization, Shanghai-Hong Kong stock-connect, free-trade zones implementation, the expected boost in international trade brought by the Belt and Road Initiative and more favourable QFII, QDII and RQFII and global economic factors; and (c) for transaction flexibility, a reasonable buffer to cater for unexpected business growth, inflation and currency fluctuations and on the principal assumptions that, during the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the HSCL Group.

Moreover, the annual caps (i) for the income to be received under Category 1 Transactions were determined based on, inter alia, QDII quota, the distribution of the HSCL Group's instruments by the Group, expansion of services and/or client base of both the Group and the HSCL Group, the issuance of instrument and products by the Group and the HSCL Group and the existing scale and operations of the businesses of the Group; and (ii) for the expenses to be incurred under Category 1 Transactions were determined based on, inter alia, QFII quota, the distribution of the Group's instruments by the HSCL Group, expansion of services and/or client base of both the Group and the HSCL Group, the issuance of instrument and products by the Group and the HSCL Group and the existing scale and operations of the businesses of the Group.

Further, the annual caps (i) for the sums to be received under Category 2 Transactions and (ii) for the sums to be paid under Category 2 Transactions were determined based on, inter alia, the expected increase of similar transactions between the Group and the HSCL Group due to cooperation on cross-border business development, transaction flexibility (a reasonable buffer to cater for unexpected business growth), the estimated number of transactions, the size of each transactions, the average yield of similar transactions or the average interest rates previously adopted, the Group's possible role of liquidity provider and the existing scale and operations of

the businesses of the Group.

INTERNAL CONTROL MEASURES

In order to ensure that the Transactions contemplated under the Master Agreement are conducted on normal commercial terms or better and in accordance with the pricing policy of the Group and will not be prejudicial to the interests of the Company and its Shareholders as a whole, the Group has adopted the following measures:

- (i) the relevant business unit of the Group will periodically observe the market conditions and monitor the prevailing market prices including the pricings of contemporaneous transactions with independent third parties in respect of similar transactions in the same or nearby area in the ordinary course of business of the Group. In addition, the relevant personnel of the Group would compare other contemporaneous transactions or quotations for similar transactions with independent third parties and ensure that the terms offered to or by the HSCL Group are no less favourable to the Group than those available to or from independent third parties;
- (ii) the external auditor of the Company will conduct an annual audit each year, and issues its opinions as to the implementation of the Transactions by the Group and whether the amounts incurred by the Transactions are within the annual caps during the year pursuant to the requirements of Hong Kong Listing Rules;
- (iii) the internal auditor will conduct annual review of the Transactions and report its findings to the Audit Committee of the Company.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contract terms for the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and will be conducted on terms no less favourable to the Group than the terms available to or from independent third parties for the Transactions.

LISTING RULES IMPLICATIONS

HSCL is the holding company of HTIH, a controlling shareholder of the Company, and therefore HSCL is a connected person of the Company and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios based on the proposed annual caps in respect of the Transactions exceeds 5%, the Transactions and the proposed annual caps in respect thereof are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as the highest of the applicable percentage ratios in respect of the financial assistance transactions under the Master Agreement is more than 25%, the financial assistance transactions under the Master Agreement also constitute major transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the announcement, circular and shareholders' approval requirements thereunder.

An Independent Board Committee (comprising all independent non-executive Directors) has been appointed to advise the Independent Shareholders as to whether the terms of the Master Agreement are fair and reasonable, and whether the Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on

how to vote, taking into account the recommendation of the independent financial adviser. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, the particulars of the Master Agreement together with a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice of the SGM is expected to be despatched to the Shareholders on or before 30 April 2019, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

GENERAL

The principal business of the Group comprises wealth management, corporate finance, asset management, institutional clients service and investment.

HSCL is a joint stock limited company incorporated in the PRC with limited liability which is listed on the Main Board of the Stock Exchange (stock code: 6837) and Shanghai Stock Exchange (stock code: 600837). HSCL is a renowned and major securities firm in the PRC, which is principally engaged wealth management, investment banking, asset management, trading and institutional client services, and financial leasing.

DEFINITIONS

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

“2016 Announcements”	collectively, (i) the announcement of the Company dated 14 March 2016 on the Previous Transactions, (ii) the circular of the Company dated 11 April 2016 in relation to the Previous Transactions and (iii) the announcement of the Company dated 28 April 2016 on the poll results of the special general meeting of the Company held on 28 April 2016 for approving the Previous Transactions
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Haitong International Securities Group Limited (stock code: 665), an exempted 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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSCL”	Haitong Securities Co., Ltd., a joint stock limited company incorporated 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 its domestic listed shares are listed on the Shanghai Stock Exchange (stock code: 600837) and the holding company of HTIH
“HSCL Group”	HSCL, its subsidiaries and/or any associates of which HSCL and/or any of its subsidiaries taken together are directly or indirectly interested in, but excluding members of the Group
“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, holding approximately 63% of the issued share capital of the Company as at the date of this announcement
“Independent Board Committee”	an independent committee of the Board (which comprises Messrs. TSUI Hing Chuen William, LAU Wai Piu, WEI Kuo-chiang, WAN Kam To and LIU Yan all being the independent non-executive Directors) established to advise the Independent Shareholders with regard to the terms of the Master Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Master Agreement and the continuing connected transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, other than HTIH and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement entered into between the Company and HSCL on 15 February 2019 in relation to the Transactions, a summary of the principal terms of which is set out in this announcement

“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Previous Master Services Agreement”	the master services agreement entered into between the Company and HSCL on 14 March 2016 in relation to the provision of services arising from three principal categories of transactions, which expired on 31 December 2018, and the terms of which are summarised in the 2016 Announcements
“Previous Transactions”	the provision of services arising from three principal categories of transactions as contemplated under the Previous Master Services Agreement
“QDII”	the qualified domestic institutional investors program, a program which allows either licensed domestic institutional investors or qualified domestic investors to invest in capital markets outside the PRC (for example Hong Kong) through institutions that have obtained QDII status
“QFII”	the qualified foreign institutional investors program, a program which allows either licensed foreign institutional investors or qualified foreign investors to buy and sell Renminbi-denominated A shares and other financial instruments permitted by PRC regulators in the PRC’s securities and/or futures markets through institutions that have obtained QFII status
“RQFII”	the Renminbi qualified foreign institutional investors scheme, a program which allows either licensed foreign institutional investors or qualified foreign investors to invest in the PRC’s securities and/or futures markets through institutions that have obtained RQFII status
“SGM”	the special general meeting to be convened and held by the Company to consider and, if thought fit, approve (among other matters) the Master Agreement, the transactions contemplated thereunder and the proposed annual caps
“Shareholder(s)”	the holder(s) of the ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Master Agreement, brief particulars of which are set out in the section headed “Nature of transactions” of this announcement

“%”

per cent

By order of the Board
Haitong International Securities Group Limited
LO Wai Ho
Company Secretary

Hong Kong, 17 February 2019

As at the date of this announcement, the Board comprises Mr. QU Qiuping (Chairman), Mr. LIN Yong (Deputy Chairman and Chief Executive Officer), Mr. LI Jianguo (Deputy Chairman), Mr. POON Mo Yiu, Mr. SUN Jianfeng, Mr. SUN Tong, Mr. CHENG Chi Ming Brian*, Ms. WANG Meijuan*, Mr. ZHANG Xinjun*, Mr. William CHAN*, Mr. TSUI Hing Chuen William**, Mr. LAU Wai Piu**, Mr. WEI Kuo-chiang**, Mr. WAN Kam To** and Ms. LIU Yan**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*