
HISTORY AND CORPORATE STRUCTURE

OUR HISTORY

The history of our Company traces back to August 1988 when Shanghai Haitong Securities Company* (上海海通證券公司), our Company's predecessor, was established in the PRC as an enterprise owned by the whole people (全民所有制企業) with a registered share capital of RMB10 million and solely funded by Bank of Communications, Shanghai Branch.

We were one of the founding members of the Shanghai Stock Exchange in 1990, and we became a member of the Shenzhen Stock Exchange when it started admitting members in 1992.

On September 27, 1994, our Company was converted into a limited liability company, and was renamed as Haitong Securities Company Limited* (海通證券有限公司).

On January 28, 2002, upon approval from the CSRC and the Shanghai municipal government, Haitong Securities Company Limited was converted into a joint-stock limited liability company, and was renamed as Haitong Securities Co., Ltd* (海通證券股份有限公司).

On July 31, 2007, we were listed on the Shanghai Stock Exchange via a reverse takeover of SUABC with stock code 600837.

We provide a comprehensive range of financial products and services and primarily focus on five principal business lines in the PRC, including securities and futures brokerage (including margin financing and securities lending), investment banking, asset management, proprietary trading and direct investment. We also provide a variety of securities products and services overseas.

MAJOR INCREASE IN SHARE CAPITAL

On December 29, 2000, upon the approval from the CSRC, the registered share capital of our Company was increased to RMB3,746,928,000.

On December 6, 2002, upon the approval from the CSRC, the registered share capital of our Company was increased to RMB8,734,438,870.

On July 6, 2007, the registered share capital of our Company was changed to RMB3,389,272,910 as a result of the reverse takeover of SUABC.

On November 21, 2007, the registered share capital of our Company was increased to RMB4,113,910,590 as a result of issuance of 724,637,680 shares in a non-public offering.

On June 11, 2008, upon the approval by our Shareholders in the 2007 Shareholders' meeting, we distributed a cash dividend of RMB411,391,059 together with a total of 1,234,173,177 bonus shares, and a total of 2,879,737,413 A Shares by converting a portion of our capital reserve into share capital. As a result, our total share capital was increased to RMB8,227,821,180.

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BUSINESS MILESTONES IN OUR HISTORY

We have achieved the following important milestones in the history of our business:

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| 1990 | In November, we became one of the founding members of the Shanghai Stock Exchange. |
| 1992 | <p>In January, we started our B share business.</p> <p>In July, we were admitted as a member of the Shenzhen Stock Exchange.</p> |
| 1999 | In April, Fullgoal Fund Management, one of the first ten fund management companies authorized by the CSRC to provide asset management services in the PRC, was established, and we held 27.775% of its equity interests as of the Latest Practicable Date. |
| 2003 | In April, HFT Investment Management was established in the PRC, and we held 51.00% of the equity interests of HFT Investment Management as of the Latest Practicable Date. |
| 2004 | In October, we established Haitong-Fortis PE Management (the first private equity fund management company in the PRC) to act as the manager of the China-Belgium Fund (the first industrial private equity fund approved by PRC government) which was jointly set up by the governments of the PRC and Belgium in November; we held 67.00% of the equity interest in Haitong-Fortis PE Management as of the Latest Practicable Date. |
| 2005 | <p>In May, we were qualified by the SAC as one of the pilot innovative securities companies.</p> <p>In August, we took over the business of Gansu Securities Co., Ltd.* (甘肅證券有限責任公司), with its nine sales branches, six services branches and all of its operational assets and necessary trading seats in relation to functional division associated with brokerage business, increasing our customer base and branch offices.</p> <p>In October, we acquired 56.67% of the equity interest in Shanghai Huanghai Futures Brokerage Co., Ltd.* (上海黃海期貨經紀有限公司), currently known as Haitong Futures, which marked the launch of our futures business; we held 93.33% of its equity interest as of the Latest Practicable Date after various capital injections in 2007 and 2009.</p> <p>In December, we took over the securities business of Xing'an Securities Co., Ltd. (興安證券有限責任公司), with its 23 sales branches, 30 services branches and all of its operational assets and necessary trading seats in relation to functional division associated with brokerage business, increasing our customer base and branch offices.</p> |

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- 2007 In July, our wholly-owned subsidiary Haitong Finance Holding (HK) Co., Ltd. (currently known as Haitong International Holdings) was incorporated in Hong Kong, through which we provide securities and futures brokerage, margin financing and securities lending, corporate finance and advisory services and asset management products and services.
- In July, our A Shares were listed on the Shanghai Stock Exchange with the stock code 600837 via a reverse takeover of SUABC.
- 2008 In January, we were approved by the CSRC as a QDII.
- In April, we were permitted by the CSRC to provide futures IB business.
- In July, we were approved by the CSRC as one of the pilot companies in direct investment, and in October, we incorporated Haitong Capital Investment, a wholly-owned subsidiary, to develop the direct investment business.
- In July, we were first granted an “AA” rating by the CSRC, and have received such a rating for the past four consecutive years.
- 2009 In December, through Haitong Finance Holding (HK) Co., Ltd. (currently known as Haitong International Holdings), we acquired 52.86% of Taifook Securities (currently known as Haitong International Securities), a company listed on the Hong Kong Stock Exchange with stock code 00665, and through a series of purchase and loan capitalization, we increased our equity interest to 69.74% as of the Latest Practicable Date.
- 2010 In February, Haitong Futures qualified as one of the first PRC futures companies to open accounts for stock index futures tradings.
- In March, we qualified as one of the first PRC securities companies to participate in the pilot program of margin financing and securities lending.
- In August, Taifook Securities (currently known as Haitong International Securities) successfully launched the first offshore RMB fixed income fund in Hong Kong.
- In November, Taifook Securities was renamed as Haitong International Securities.
- 2011 In June, we applied to the CSRC to establish a subsidiary engaging in investment service of alternative financial products.

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OUR KEY SUBSIDIARIES AND AFFILIATES

Our key subsidiaries and affiliates include:

1. HFT Investment Management

HFT Investment Management was established in April 2003 with a registered capital of RMB150 million. Its main scope of business includes fund raising, fund sale, and asset management. We and BNPP IP BE Holding held 51% and 49% of the equity interest in HFT Investment Management as of the Latest Practicable Date, respectively. According to Measures for the Administration of Securities Investment Fund Management Companies (證券投資基金管理公司管理辦法) promulgated by CSRC on August 10, 2004 and effective from October 1, 2004, equity interest held by non-PRC shareholders in a securities investment fund management company incorporated under the PRC law shall not exceed 49%. Upon Listing, the aggregate of equity interest percentage in HFT Investment Management held by BNPP IP BE Holding and that held by the H Share Shareholders through the Company, which, under the Administration of Securities Investment Fund Management Companies, represents the shareholding percentage of the H Shareholders in the Company multiplied by the equity interest percentage of the Company in HFT Investment Management, will exceed 49%. Accordingly, we have undertaken to the CSRC to take appropriate measures to ensure the shareholding structure of HFT Investment Management complies with the relevant regulatory requirements within one year following the Listing.

2. Haitong International Holdings and Haitong International Securities

Haitong International Holdings, our wholly-owned subsidiary, was incorporated in July 2007 in Hong Kong with an authorized capital of HK\$4 billion. Haitong International Securities is a company listed on the Hong Kong Stock Exchange with stock code 00665. As of the Latest Practicable Date, 69.74% of its equity interest was held by Haitong International Holdings. The main scope of business of these two companies includes investment holding, brokerage business, corporate finance and asset management business authorized by Hong Kong securities regulatory rules through various subsidiaries, and other businesses.

3. Haitong Futures

Haitong Futures is a limited liability company incorporated in the PRC in March 1993 with a registered capital of RMB500 million. Its main scope of business includes commodity futures brokerage and financial futures brokerage.

4. Haitong Capital Investment and its subsidiaries

Haitong Capital Investment, our wholly-owned subsidiary, was established in October 2008 with a registered capital of RMB4 billion. Its main scope of business includes equity investments in domestic enterprises, investment in treasury bonds and central bank notes, financial advisory services on equity investment, and establishment of direct investment funds. Haitong Jihe Management and Haitong Chuangxin Management are subsidiaries of Haitong Capital Investment.

Haitong Jihe Management was established in November 2010 with a registered share capital of RMB50 million. Its main scope of business includes management of equity investment and investment consultancy.

Haitong Chuangxin Management was established in February 2011 with a registered share capital of RMB50 million. Its main scope of business includes investment management, asset management, investment consultancy, industrial investment, and venture capital investment.

5. Haitong-Fortis PE Management

Haitong-Fortis PE Management was established in October 2004 with a registered capital of RMB20 million. Its main scope of business includes industrial investment fund management, investment advisory, and establishment of investment funds by way of promotion.

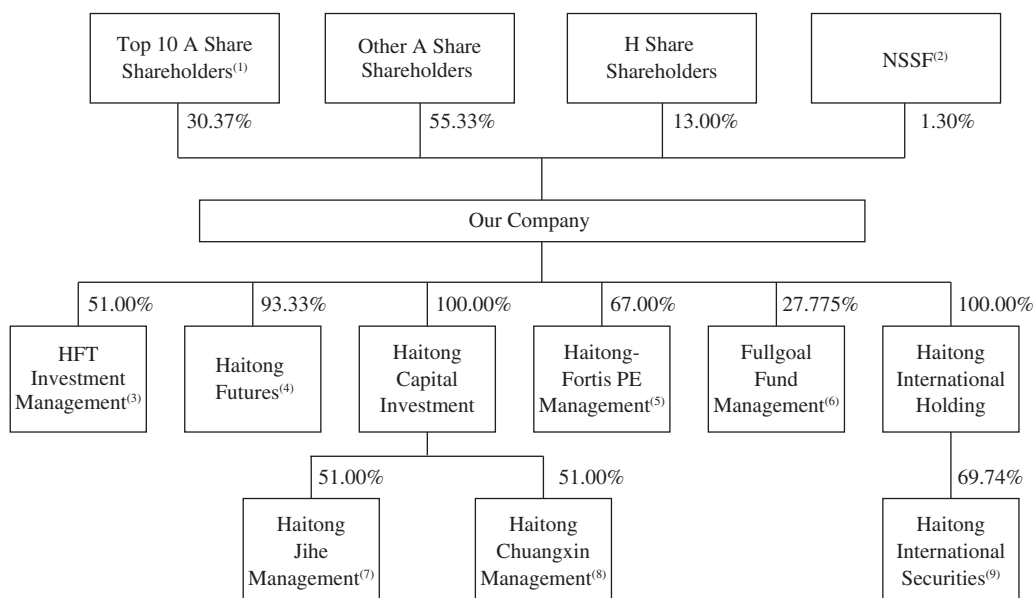
6. Fullgoal Fund Management

Fullgoal Fund Management was established in April 1999 with a registered capital of RMB180 million. Its main scope of business includes the provision of traditional fund management services, fund raising, fund sale, and asset management.

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OUR SHAREHOLDING AND GROUP STRUCTURE

The following chart sets out our simplified shareholding structure and key subsidiaries and affiliates, immediately following the completion of the Global Offering (assuming there is no change in the number of Shares held by the top ten A Share Shareholders of our Company and the shareholdings held by our Company in our subsidiaries after the Latest Practicable Date and the Over-allotment Option is not exercised):



- (1) The top ten shareholders of our Company are Bright Food (Group) Co., Ltd., Shanghai Tobacco (Group) Company, Shanghai Electric (Group) Corporation, Shenergy Group Company Limited, Shanghai Shangshi, Shanghai Jiushi Company, Shanghai Bailian Group Co., Ltd., Wenhui-Xinmin United Press Group, Shanghai Lansheng Corporation, and Liaoning Energy Investment (Group) Co., Ltd. Immediately following completion of the Global Offering, none of the top ten A Share Shareholders will directly or indirectly control, or is entitled to exercise, or control the exercise of, 5% or more of our total issued share capital. As of the Latest Practicable Date, to the Directors' best knowledge, seven of our ten largest shareholders are controlled by Shanghai SASAC and such shareholders held an aggregate of approximately 26.52% shareholding in the Company. However, under the Hong Kong Listing Rules, a PRC Governmental Body as defined under Rule 19A.04 such as Shanghai SASAC is normally not considered as a Connected Person or a controlling shareholder of a PRC issuer.
- (2) H Shares that are converted from an equal number of A Shares immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised) are held by the NSSF. For details, please see "Share Capital – Share Capital – Transfer of the State-owned Shares to the NSSF" in this prospectus.
- (3) The rest of the equity interest in HFT Investment Management is held by BNPP IP BE Holding. BNPP IP BE Holding is a member of BNP Group, which is in turn a banking group headquartered in Paris, France. The principal businesses of BNP Group are retail banking, corporate and investment banking, and investment solutions. Investment solutions provides integrated solutions to investors (including institutional investors, businesses, individuals and high net worth clients) and to its distribution partners. Investment solutions' services encompass amongst others wealth management, asset management and securities services. BNP Group is a Connected Person of our Group due to and solely due to its shareholding in HFT Investment Management and Haitong-Fortis PE Management.

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- (4) The rest of the equity interest in Haitong Futures is held by Shanghai Shengyuan Real Estate (Group) Co., Ltd. Shanghai Shengyuan Real Estate (Group) is a limited liability company incorporated in the PRC and primarily engaged in the development and valuation of real estate, maintenance of real estate properties, and management of real estate properties. Shanghai Shengyuan Real Estate (Group) is an independent third party.
- (5) The rest of the equity interest in Haitong-Fortis PE Management is held by BNPP IP BE Holding. BNPP IP BE Holding is a member of BNP Group, which is in turn a banking group headquartered in Paris, France. The principal businesses of BNP Group are retail banking, corporate and investment banking, and investment solutions. Investment solutions provides integrated solutions to investors (including institutional investors, businesses, individuals and high net worth clients) and to its distribution partners. Investment solutions' services encompass amongst others wealth management, asset management and securities services. BNP Group is a Connected Person of our Group due to and solely due to its shareholding in HFT Investment Management and Haitong-Fortis PE Management.
- (6) The rest of the equity interest in Fullgoal Fund Management is held by Shenyin & Wanguo Securities Co., Ltd. (27.775%), Bank of Montreal (27.775%), and Shandong International Trust Corporation (16.675%), respectively. Shenyin & Wanguo Securities Co., Ltd. is a limited liability company incorporated in the PRC, and it is primarily engaged in securities brokerage, securities investment advisory, financial advisory related to securities trading and investment, proprietary trading, securities underwriting and sponsoring, asset management, futures IB business and margin financing and securities lending business. Bank of Montreal is a banking group the headquarters of which is in Canada, and it is primarily engaged in investment and corporate banking and wealth management. Shandong International Trust Corporation is a limited liability company incorporated in the PRC; it is primarily engaged in various trust business, investment banking business and proprietary trading. Each of Shenyin & Wanguo Securities Co., Ltd., Bank of Montreal and Shandong International Trust Corporation is an independent third party.
- (7) The rest of the equity interest in Haitong Jihe Management is held by Jilin Investment Group Co., Ltd.* (吉林省投資(集團)有限公司) (43%) and Hangzhou Wulian Investment Management Company* (杭州五聯投資管理有限公司) (6%). Jilin Investment Group Co., Ltd. is a limited liability company incorporated in the PRC and it is primarily engaged in investment, financing, asset management and investment consultancy business. Hangzhou Wulian Investment Management Company is a limited liability company incorporated in the PRC, and it is primarily engaged in investment management consultancy. Jilin Investment Group Co., Ltd. is a Connected Person of our Group due to and solely due to its shareholding in Haitong Jihe Management. Hangzhou Wulian Investment Management Company is an independent third party.
- (8) The rest of the equity interest in Haitong Chuangxin Management is held by Xi'an Space Center Chuangxin Investment Co., Ltd.* (西安航天基地創新投資有限公司). Xi'an Space Center Chuangxin Investment Co., Ltd. is a limited liability company incorporated in the PRC and it is primarily engaged in investment in high-tech projects, investment consultancy and management consultancy business. Xi'an Space Center Chuangxin Investment Co., Ltd. is a Connected Person of our Group due to and solely due to its shareholding in Haitong Chuangxin Management.
- (9) Haitong International Securities is a company listed on the Hong Kong Stock Exchange, the stock code of which is 00665. It was previously named Taifook Securities until November 2010.