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海通证券股份有限公司  
HAITONG SECURITIES CO., LTD.\*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 6837)

## ISSUE OF H SHARES UNDER SPECIFIC MANDATE

### THE SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that on 19 December 2014 (after trading hours), the Company entered into a subscription agreement with each of the Placees, pursuant to which the Company has conditionally agreed to allot and issue and the Placees have conditionally agreed to subscribe for in aggregate 1,916,978,820 New H Shares (the aggregate nominal value will be RMB1,916,978,820) at the subscription price of HK\$15.62 per New H Share. Except as otherwise required by applicable laws and regulations in the PRC and the articles of association of the Company, the New H Shares to be issued shall rank *pari passu* in all respects with the issued H Shares.

The New H Shares represent (i) approximately 128.43% of the total issued H Shares as at the date of this announcement; (ii) approximately 20.00% of the total issued share capital of the Company as at the date of this announcement; (iii) approximately 56.22% of the total issued H Shares as enlarged by the issue of the New H Shares; and (iv) approximately 16.67% of the total issued share capital of the Company as enlarged by the issue of the New H Shares (assuming there are no other changes in the share capital of the Company between the date of this announcement and the date of Completion).

### THE SPECIFIC MANDATE

Resolutions will be proposed at the Class Meetings and the EGM to seek the approval of the Shareholders for the grant of the Specific Mandate to authorise the Board to allot and issue the New H Shares to the Placees.

### GENERAL

The Class Meetings and the EGM will be convened during which resolutions will be proposed to the Shareholders to approve the Specific Mandate.

A circular containing further details of the subscription and issue of the New H Shares together with the notice convening the Class Meetings and the EGM will be despatched to the Shareholders as soon as practicable. As far as the Company is aware as of the date of this announcement, except for Marshall Wace (which is one of the Placees), none of the other Shareholders is required to abstain from voting at the Class Meetings and the EGM for approving the Specific Mandate (if any of the other Placees or its close associate becomes a Shareholder prior to the date of the Class Meetings and the EGM, it is also required to abstain from voting at these meetings for approving the Specific Mandate).

Applications will be made by the Company to the relevant PRC regulatory authorities (including but not limited to the China Securities Regulatory Commission) for the issue of the New H Shares. An application will also be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New H Shares on the Hong Kong Stock Exchange.

## **APPOINTMENT OF JOINT GLOBAL COORDINATORS AND JOINT PLACING AGENTS**

The Company has entered into an agreement with Haitong International, Macquarie, UBS and J.P. Morgan, to confirm the appointment of them as joint global coordinators and joint placing agents in relation to the subscription of New H Shares by the Placees.

**As Completion is subject to the fulfilment of the condition(s) as set out in the Subscription Agreements, the subscription and issue of the New H Shares may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **BACKGROUND**

The Board is pleased to announce that on 19 December 2014 (after trading hours), the Company entered into a subscription agreement with each of the Placees, pursuant to which the Company has conditionally agreed to allot and issue and the Placees have conditionally agreed to subscribe for in aggregate 1,916,978,820 New H Shares (the aggregate nominal value will be RMB1,916,978,820) at a subscription price of HK\$15.62 per New H Share. Except as otherwise required by applicable laws and regulations in the PRC and the articles of association of the Company, the New H Shares to be issued shall rank *pari passu* in all respects with the issued H Shares.

## **THE SUBSCRIPTION AGREEMENTS**

The principal terms of the Subscription Agreement with each of the Placees are substantially the same, except for the number of New H Shares to be subscribed by each of the Placees and total subscription price payable therefor as more particularly set out in the paragraph headed “The Subscription Shares” below.

Summarised below are the principal terms of the Subscription Agreements:

### **1. Date**

19 December 2014

### **2. Parties**

- (i) the Company
- (ii) the respective Placees

As far as the Company is aware as of the date of this announcement, except for Marshall Wace, each of the other Placees and their respective ultimate beneficial owners are independent third parties.

### 3. The Subscription Shares

Details of the New H Shares to be subscribed by each of the Placees are as follows:

Placees	Number of New H Shares	As at the date of this announcement		Immediately following the allotment and issue of the New H Shares <sup>(Note)</sup>		Total Subscription Price (HK\$)
		Approximate % of the total issued H Shares	Approximate % of the total issued share capital	Approximate % of the total issued H Shares	Approximate % of the total issued share capital	
Dawn State	569,427,620	38.15%	5.94%	16.70%	4.95%	8,894,459,424
Maunakai	496,478,800	33.26%	5.18%	14.56%	4.32%	7,754,998,856
Vogel	248,000,000	16.61%	2.59%	7.27%	2.16%	3,873,760,000
Insight	223,415,200	14.97%	2.33%	6.55%	1.94%	3,489,745,424
Amtd	148,943,600	9.98%	1.55%	4.37%	1.30%	2,326,499,032
Marshall Wace	131,482,000	8.81%	1.37%	3.86%	1.14%	2,053,748,840
NCA	99,231,600	6.65%	1.04%	2.91%	0.86%	1,549,997,592
Total:	<u>1,916,978,820</u>	<u>128.43%</u>	<u>20.00%</u>	<u>56.22%</u>	<u>16.67%</u>	<u>29,943,209,168</u>

*Note: Assuming there are no other changes in the share capital of the Company between the date of this announcement and date of the Completion and assuming that no Placee will acquire any Share in the Company during this period save for the Subscription Shares upon the Completion.*

### 4. The Subscription Price

The Subscription Price is HK\$15.62 per New H Share and may be increased or reduced at the Company's sole discretion by up to HK\$1.56 if the average closing price of the H Shares for the 30 full uninterrupted trading days of the H Shares on the Hong Kong Stock Exchange immediately prior to the date on which the last of the conditions of the Subscription Agreements to be satisfied is satisfied is higher or lower than the Reference Price by 20% or more, where such reduced Subscription Price shall in any case not lower than HK\$15.36 (representing a discount of 20.00% to the average closing price of HK\$19.20 per H Share as quoted on the Hong Kong Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreements (not inclusive)).

The Subscription Price represents:

- (i) a discount of approximately 5.00% to the Reference Price; and
- (ii) a discount of approximately 16.02% to the closing price of HK\$18.60 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day.

## 5. Conditions precedent

Completion of each of the Subscription Agreements is conditional upon the satisfaction of the conditions below:

- (a) the obtaining by the Company of the approval by the Shareholders required for the issue of the New H Shares in accordance with the articles of association of the Company and the applicable laws and regulations;
- (b) the obtaining by the Company of all consents and approvals required for the issue of the New H Shares from the relevant regulatory authorities, which include approval of the China Securities Regulatory Commission; and
- (c) the obtaining by the Company of the approval for listing of, and permission to deal in, the New H Shares from the Hong Kong Stock Exchange (and such permission not being revoked prior to the Completion).

If any of the above conditions is not satisfied on or before 30 June 2015 (or such other date as may be agreed by the parties to the Subscription Agreements), the Subscription Agreements shall be terminated. In the event that the average closing price of the H Shares for the 30 full uninterrupted trading days of the H Shares on the Hong Kong Stock Exchange immediately prior to the date on which the last of the conditions of the Subscription Agreements to be satisfied is satisfied is lower than the Reference Price by 40% or more, the Placee have the right to terminate the Subscription Agreement but shall pay to the Company an amount equivalent to 1.00% of the total subscription price (before any adjustment) in the event of such termination.

## 6. Completion

Each Subscription Agreement is to be completed on the fifth Business Day after the date on which the last of the conditions of the Subscription Agreement to be satisfied is satisfied, or at such other date as may be agreed between the Company and the relevant Placee.

## **USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF THE ISSUE OF THE NEW H SHARES**

The gross proceeds from issue of the New H Shares is expected to be around HK\$29,943.2 million (assuming there is no adjustment to the issue price) and will be used by the Company to expand margin financing and securities lending business, stock repo trading and equity pledged financing business, sales and trading business of structured products and direct investment business, for working capital purposes and to support the sustainable growth of the business of the Company.

The proceeds to be raised are proposed to be used for the following purposes:

- (1) approximately 60% will be used for developing the margin financing and securities lending business of the Company;
- (2) approximately 15% will be used for developing the stock repo trading and equity pledged financing business of the Company;

- (3) approximately 10% will be used for developing the sales and trading business of structured products of the Company;
- (4) approximately 5% will be used for increasing the capital in Haitong Capital Investment Co., Ltd. and developing the direct investment business of the Company; and
- (5) approximately 10% will be used for replenishing the working capital of the Company.

Having considered, among other things, the foregoing reasons for and benefits of the issue of the New H Shares, the Directors are of the view that the transactions contemplated under the Subscription Agreements and the issue of the New H Shares are in the interests of the Company and the Shareholders as a whole.

## THE SPECIFIC MANDATE

Resolutions will be proposed at the Class Meetings and the EGM to seek the approval of the Shareholders for the grant of the Specific Mandate to authorise the Board to allot and issue the New H Shares to the Placees.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE ISSUE OF NEW H SHARES

Shareholders	As at the date of this announcement		Immediately following the allotment and issue of the New H Shares <sup>(Note)</sup>	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Placees	10,393,200	0.11%	1,927,372,020	16.76%
A Shareholders	8,092,131,180	84.43%	8,092,131,180	70.36%
Other H Shareholders	1,482,196,800	15.46%	1,482,196,800	12.88%
	<u>9,584,721,180</u>	<u>100.00%</u>	<u>11,501,700,000</u>	<u>100.00%</u>

*Note: Assuming there are no other changes in the share capital of the Company between the date of this announcement and date of the Completion and assuming that no Placee will acquire any Share in the Company during this period save for the Subscription Shares upon the Completion.*

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed in this announcement, the Company has not conducted any fund raising activities in relation to issue of equity securities of the Company in the past twelve months prior to the date of this announcement.

## GENERAL

The Class Meetings and the EGM will be convened during which resolutions will be proposed to the Shareholders to approve the Specific Mandate.

A circular containing further details of the subscription and issue of the New H Shares together with the notice convening the Class Meetings and the EGM will be despatched to the Shareholders as soon as practicable. As far as the Company is aware as of the date of this announcement, except for Marshall Wace (which is one of the Placees), none of the other Shareholders is required to abstain from voting at the Class Meetings and the EGM for approving the Specific Mandate (if any of the other Placees or its close associate becomes a Shareholder prior to the date of the Class Meetings and the EGM, it is also required to abstain from voting at these meetings for approving the Specific Mandate).

An application will be made by the Company to the relevant PRC regulatory authorities (including but not limited to the China Securities Regulatory Commission) for the issue of the New H Shares. An application will also be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New H Shares on the Hong Kong Stock Exchange.

## **APPOINTMENT OF JOINT GLOBAL COORDINATORS AND JOINT PLACING AGENTS**

The Company has entered into an agreement with Haitong International, Macquarie, UBS and J.P. Morgan, to confirm the appointment of them as joint global coordinators and joint placing agents in relation to the subscription of New H Shares by the Placees.

To the best knowledge, information and belief of the Directors, except for Haitong International (which is an indirect subsidiary of the Company), each of the other joint global coordinators and joint placing agents is independent of the Company and not a connected person of the Company.

**As Completion is subject to the fulfilment of the condition(s) as set out in the Subscription Agreements, the subscription and issue of the New H Shares may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **INFORMATION ON THE COMPANY**

The Company is a leading full-service securities firm in the PRC with an integrated business platform, extensive branch network and substantial customer base. The Company provides a comprehensive range of financial products and services, and primarily focuses on six principal business lines in the PRC, comprising securities and futures brokerage (including margin financing and securities lending), investment banking, asset management, proprietary trading, direct investment and financial leasing. The Company also provides a variety of securities products and services overseas.

## **INFORMATION ON THE PLACEES**

As far as the Company is aware as of the date of this announcement:

1. Amtd is a company incorporated in the British Virgin Islands with limited liability on 9 May 2012 and is principally engaged in investments.
2. Dawn State is a company incorporated in the British Virgin Islands, who is ultimately owned by Haixia Industrial Investment Fund (Fujian) Limited Partnership. Haixia Industrial Investment Fund (Fujian) Limited Partnership is founded and managed by Haixia Capital Management Co., Ltd., which is jointly established in the PRC by SDIC Capital Holdings Co., Ltd., Fujian Investment & Development Group Co., Ltd. and Fubon Xingji Investment Co., Ltd., and principally engaged in investment in energy, equipment manufacturing and finance industries enterprises and provision of related management and consulting services. Haixia Capital Management Co., Ltd. is controlled by State Development & Investment Corp. (SDIC).

3. Insight is a company incorporated in Hong Kong with limited liability on 5 November 2013 and is principally engaged in asset management and advisory business.
4. Marshall Wace is an investment manager and investment advisor established in Hong Kong and manages and advises investment funds and managed accounts. Marshall Wace is part of the Marshall Wace group which was founded in 1997 and specialises in global long/short equity. As of the date of this announcement, Marshall Wace has, through certain of the funds and managed accounts that it manages and advises, interest in 10,393,200 H Shares of the Company, representing 0.70% of the total issued H Shares of the Company and 0.11% of the total issued share capital of the Company.
5. Maunakai is a company incorporated in Hong Kong with limited liability on 20 February 2004 and is principally engaged in asset management and advisory business.
6. NCA was established and jointly held by New China Asset Management Co., Ltd. (“NCAM”) and New China Life Insurance Company Ltd. (“NCL”) as to 60% and 40%, respectively. NCA is the offshore asset allocation and investment platform of NCL. Controlled by Central Huijin Investment Ltd., NCL is a nationwide life insurance company with leading market share in the life insurance sector. NCL was dual-listed in the Hong Kong Stock Exchange and Shanghai Stock Exchange in December 2011 (stock code: HK.1336; SH.601336). NCAM was established in July 2006 as a dedicated asset management firm, and over 97% of its shares are controlled by NCL. NCAM’s business scope includes management of proprietary and insurance funds; discretionary mandates; consulting services related to asset management business; and management of other assets permitted by laws and regulations.
7. Vogel is a company incorporated in the British Virgin Islands and is wholly-owned by Ms. Jing Shi. Its subscription in this placement is guaranteed by Mr. Yuzhu Shi. It is principally engaged in investment holding activities and has invested in a number of industrial projects in Hong Kong and the PRC, covering such sectors as online entertainment, real estate, health and certain industrial and financial sectors.

## DEFINITIONS

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

“A Share”	the domestic shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange and subscribed for and traded in Renminbi
“Amtd”	Amtd Special Holdings Limited, one of the Places whose information is set out in “Information on the Places”
“Board”	the board of Directors of the Company
“Business Day(s)”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong and the PRC
“Class Meetings”	separate meetings of the holders of H Shares and A Shares to be convened to consider and, if thought fit, approve, among other things, the Specific Mandate
“close associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules

“Company”	Haitong Securities Co., Ltd. (海通證券股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under the stock code of 6837 and the A Shares of which are listed on the Shanghai Stock Exchange under the stock code of 600837
“Completion”	completion of the issue of the New H Shares pursuant to the terms of the Subscription Agreements
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Dawn State”	Dawn State Limited, one of the Placees whose information is set out in “Information on the Placees”
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Specific Mandate
“H Share”	the overseas listed foreign invested shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the main board of Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
“Haitong International”	Haitong International Securities Company Limited
“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Insight”	Insight Capital Management (Hong Kong) Limited, one of the Placees whose information is set out in “Information on the Placees”
“J.P. Morgan”	J.P. Morgan Securities plc
“Last Trading Day”	19 December 2014, being the last day of trading in the H Shares on the Hong Kong Stock Exchange prior to the release of this announcement
“Macquarie”	Macquarie Capital Securities Limited



“Marshall Wace”	Marshall Wace Asia Limited, one of the Placees whose information is set out in “Information on the Placees”
“Maunakai”	Maunakai Capital Partners (Hong Kong) Limited, one of the Placees whose information is set out in “Information on the Placees”
“NCA”	New China Asset Management (Hong Kong) Ltd., one of the Placees whose information is set out in “Information on the Placees”
“New H Shares”	an aggregate of 1,916,978,820 H Shares to be issued and allotted to the Placees at the Subscription Price pursuant to the Subscription Agreements, and each the “New H Share”
“Placees”	collectively, Amdt, Dawn State, Insight, Marshall Wace, Maunakai, NCA and Vogel
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reference Price”	HK\$16.44, which represents the average closing price of the H Shares for the thirty (30) full uninterrupted trading days of the H Shares on the Hong Kong Stock Exchange immediately prior to the date of the Subscription Agreements (not inclusive)
“RMB” or “Renminbi”	the lawful currency of the PRC
“Shares”	collectively, A Shares and H Shares
“Shareholders”	the shareholders of the Company
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the Class Meetings and the EGM to authorise the Board to allot and issue the New H Shares under the Subscription Agreements
“Subscription Agreements”	collectively, the subscription agreements entered into by the Company and the Placees respectively and dated 19 December 2014 in relation to the subscription of the New H Shares by the Placees, and each the “Subscription Agreement”

“Subscription Price”	the subscription price of HK\$15.62 per New H Share as may be adjusted pursuant to the Subscription Agreements
“UBS”	UBS AG Hong Kong Branch
“Vogel”	Vogel Holding Group Limited, one of the Placees whose information is set out in “Information on the Placees”
“%”	per cent.

By order of the board of directors  
**Haitong Securities Co., Ltd.**  
**WANG Kaiguo**  
*Chairman*

Shanghai, the PRC  
21 December 2014

*As at the date of this announcement, our executive directors are Mr. WANG Kaiguo and Mr. Qu Qiuping; our non-executive directors are Mr. ZHUANG Guowei, Mr. ZHOU Donghui, Mr. HE Jianyong, Mr. ZHANG Jianwei, Mr. XU Chao, Mr. WANG Hongxiang, Mr. LI Gewei and Mr. FENG Huang; and our independent non-executive directors are Mr. XIA Bin, Mr. CHEN Qiwei, Mr. ZHANG Huiquan, Mr. ZHANG Ming, Mr. DAI Genyou, Mr. LIU Cheeming and Mr. XIAO Suining.*

\* *For identification purpose only*