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

PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that, on 26 April 2018, the Board has approved the Proposed Non-public Issuance of A Shares under general mandate, pursuant to which the Company will issue no more than 1,618,426,236 A Shares to no more than 10 (inclusive) specific target subscribers, which is expected to raise a gross proceeds of up to RMB20.0 billion.

The annual general meeting will be convened by the Company to consider and approve, among other things, resolution(s) in relation to the Proposed Non-public Issuance of A Shares under general mandate. A circular containing, among other things, details of the Proposed Non-public Issuance of A Shares under general mandate, together with the notice of the annual general meeting, will be despatched to the Shareholders in due course.

The completion of the Proposed Non-public Issuance of A Shares under general mandate is subject to the fulfilment of relevant conditions, and therefore, the Proposed Non-public Issuance of A Shares under general mandate may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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The details of the Proposed Non-public Issuance of A Shares under general mandate are set out below.

I. SUMMARY OF THE PLAN RELATED TO THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER GENERAL MANDATE

1. Class and nominal value of shares to be issued

The class of shares under the Proposed Non-public Issuance of A Shares is domestically listed ordinary shares denominated in Renminbi (A Shares), with a nominal value of RMB1.00 each.

2. Method and time of the issuance

The Proposed Non-public Issuance of A Shares will be carried out by way of non-public issuance to specific target subscribers. The Company will choose appropriate opportunity to issue shares, which shall be within the validity period stipulated in the approval issued by the CSRC.

3. Target subscribers and subscription method

The target subscribers for the Proposed Non-public Issuance of A Shares will be no more than 10 target subscribers satisfying the relevant requirements of the CSRC. The target subscribers include securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFII), and other domestic institutional and individual investors in compliance with the relevant requirements of the CSRC. A securities investment fund management company subscribing for the shares with its two or more funds under its management, shall be deemed as one single target subscriber. Trust investment companies shall only subscribe for the A Shares with their own funds.

Upon obtaining the written approval from the relevant regulatory authorities in connection with the Proposed Non-public Issuance of A Shares, the final target subscribers shall be determined by the Company based on the prices offered by the target subscribers in accordance with the requirements of the “Implementation Rules for Non-public Issuance of Shares by Listed Companies” (《上市公司非公開發行股票實施細則》) and the principle of price priority.

As at the date of this announcement, (i) the Company has not entered into any agreement with any potential subscribers in respect of the Proposed Non-public Issuance of A Shares; and (ii) it is expected that connected persons (as defined under the Hong Kong Listing Rules) of the Company will not participate in the subscription of A Shares under the Proposed Non-public Issuance of A Shares. If the A Shares under the Proposed Non-public Issuance of A Shares are issued to any connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules, the Company will comply with relevant requirements under Chapter 14A of the Hong Kong Listing Rules including but not limited to announcement and independent shareholders’ approval.

All the target subscribers shall subscribe in cash for the A Share(s) to be issued under the Proposed Non-public Issuance of A Shares.

If the shareholder qualification of the target subscribers and the corresponding review procedures are otherwise provided by regulatory authorities, those requirements shall be followed.

4. Number of shares to be issued

The number of A Shares to be issued under the Proposed Non-public Issuance of A Shares shall be no more than 1,618,426,236 A Shares. The number of A Shares to be issued represents (assuming the A Shares are issued in full):

- (i) approximately 20.00% of the existing issued A Shares and approximately 14.07% of the existing total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.67% of the enlarged issued A Shares and approximately 12.34% of the enlarged total issued share capital of the Company upon completion of the Proposed Non-Public Issuance.

The number of shares to be issued under the Proposed Non-public Issuance of A Shares shall be adjusted accordingly in cases of ex-rights matters such as bonus issuance and conversion of capital reserve into share capital during the period from the date of the resolution(s) approved by the Board in connection with the Proposed Non-public Issuance of A Shares to the date of the issuance.

The final number of the A Shares under the Proposed Non-public Issuance of A Shares shall be determined by the Board and its authorized person(s), under the authorization granted at the general meeting, with the sponsor (the lead underwriter) based on the upper limit of the number of shares and issuance price finally approved by the CSRC.

5. Issuance price and pricing principal

According to the “Implementation Rules for Non-public Issuance of Shares by Listed Companies”, the pricing benchmark date of the Proposed Non-public Issuance of A Shares shall be the first day of the offering period of the A Shares under the Proposed Non-public Issuance of A Shares, and the issuance price shall not be lower than 90% of the average trading price of A Shares for the 20 consecutive trading days preceding the pricing benchmark date (exclusive), or the latest audited net assets per share attributable to owners of the Company before the issuance, whichever is higher.

The average trading price of A Shares for the 20 consecutive trading days preceding the pricing benchmark date = total trading amount of A Shares for the 20 consecutive trading days preceding the pricing benchmark date ÷ total trading volume of A Shares for the 20 consecutive trading days preceding the pricing benchmark date. In the event that any ex-right or ex-dividend activity causes any adjustment in the share prices during the 20 trading days, the trading prices for the trading days before such adjustment shall be calculated on the basis of the adjusted price caused by the ex-right or ex-dividend activities.

In the event that the Company distributes dividends, grants bonus shares, allots shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the period commencing from the balance sheet date of the latest audited financial reports before the Proposed Non-public Issuance of A Share to the issuance date of the Proposed Non-public Issuance of A Share, adjustments shall be made to the above net assets per share accordingly.

The final issuance price of the Proposed Non-public Issuance of A Shares will, upon obtaining the approval issued by the CSRC, be determined by the Board and its authorized person(s) under the authorization granted at the general meeting with the sponsor (the lead underwriter) in accordance with the relevant requirements of the CSRC, and based on the prices offered by the target subscribers as well as the principle of price priority.

6. Amount of proceeds to be raised and use of proceeds

The amount of proceeds to be raised from the Proposed Non-public Issuance of A Shares is expected to be no more than RMB20.0 billion. After deducting the issuance cost, it will be fully utilized to increase the Company's capital, replenish working capital, enlarge the business scale, so as to enhance the competitive strengths of the Company and improve its risk bearing abilities. The use of proceeds of the Proposed Non-public Issuance of A Shares are as follows:

No.	Projects to be invested with the proceeds	Proposed amounts of proceeds to be applied
1	To develop capital-based intermediary business	No more than RMB10 billion
2	To increase FICC investment and improve liquidity of the Company	No more than RMB4 billion
3	To develop information system	No more than RMB1 billion
4	To increase caption injection to subsidiaries domestic and overseas	No more than RMB4 billion
5	Other working capital	No more than RMB1 billion
	Total	No more than RMB20 billion

7. Lock-up period

Upon completion of the Non-public Issuance of A Shares, the specific target subscribers shall not transfer their A Shares within 48 months from the date of completion of the issuance if they hold 5% or more of the enlarged total issued share capital of the Company, and within 12 months from the date of completion of the issuance if they hold less than 5% of the enlarged total issued share capital of the Company in accordance with relevant requirements of the "Administrative Measures for Issuance of Securities by Listed Companies" (《上市公司證券發行管理辦法》), the "Implementation Rules for Non-public Issuance of Shares by Listed Companies" (《上市公司非公開發行股票實施細則》) and the "Guidelines on Administrative Approval for Securities Companies No. 10 – Increase and Change in Equity Interest of Securities Companies" (《證券公司行政許可審核工作指引第10號 – 證券公司增資擴股和股權變更》). If the lock-up period is otherwise provided by applicable laws and regulations, those requirements shall be followed.

8. Place of listing

The A Shares to be issued under the Proposed Non-public Issuance of A Shares will be listed and traded on the Shanghai Stock Exchange upon expiration of the lock-up period.

9. Arrangement for the retained profits prior to the Proposed Non-public Issuance of A Shares

The undistributed retained profits of the Company prior to the Proposed Non-public Issuance of A Shares are subject to the entitlement of both the new Shareholders and the existing Shareholders upon completion to take care of both parties' interest.

10. Validity period of the resolution

The resolution(s) in relation to the Proposed Non-public Issuance of A Shares shall remain valid for 12 months from the date on which relevant resolution(s) are considered and approved at the relevant general meeting of the Company.

II. GENERAL MANDATE OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

The proposed issuance of no more than 1,618,426,236 A Shares pursuant to the Proposed Non-public Issuance of A Shares will be issued under the general mandate approved at the annual general meeting of the Company.

III. CONDITIONS PRECEDENT OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

The Proposed Non-public Issuance of A Shares under general mandate has been approved by the Board on 26 April 2018, and is subject to the approval by way of a special resolution of the Shareholders at the forthcoming annual general meeting and the approval of the CSRC. Upon obtaining the approval of the CSRC, the Company will apply to the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the issuance and listing related matters of the Proposed Non-public Issuance of A Shares, to complete the application and approval procedures for the Proposed Non-public Issuance of A Shares.

IV. EFFECT OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the total issued share capital of the Company is 11,501,700,000 Shares, which comprises 8,092,131,180 A Shares and 3,409,568,820 H Shares. The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Proposed Non-public Issuance of A Shares (assuming that (i) the maximum amount of A Shares up to 1,618,426,236 A Shares is being issued and (ii) there is no change in the total issued share capital of the Company from the date of this announcement up to the date of completion save for the Proposed Non-public Issuance of A Shares) is set out as follows:

Class of Shares	As at the date of this announcement		Immediately after completion of the Proposed Non-public Issuance of A Shares	
	Number of Shares	Approximate percentage of the total issued share capital (%)	Number of Shares	Approximate percentage of the total issued share capital (%)
A Shares	8,092,131,180	70.36%	9,710,557,416	74.01%
H Shares	3,409,568,820	29.64%	3,409,568,820	25.99%
Total	11,501,700,000	-	13,120,126,236	-

The shareholding structure of the Company is relatively decentralized. The Company has no controlling shareholder and *de facto* controller before the Proposed Non-public Issuance of A Shares, and will not have controlling shareholder and *de facto* controller after the Proposed Non-public Issuance of A Shares. Therefore, the Proposed Non-public Issuance of A Shares will not result in changes of the control of the Company.

The Board expects that the Company will continue to meet the public float requirements of the Hong Kong Listing Rules after the completion of the Proposed Non-public Issuance of A Shares.

V. AUTHORIZATION TO THE BOARD IN RELATION TO THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

In order to efficiently and smoothly complete the Proposed Non-public Issuance of A Shares of the Company, pursuant to the relevant provisions of the “Company Law of the People’s Republic of China,” the “Securities Law of the People’s Republic of China,” and “Administrative Measures for Issuance of Securities of Listed Companies”, it is proposed that the Board be authorized at the general meeting and the management personnel of the Company be delegated by the Board, to handle in its absolute discretion the matters related to the Proposed Non-public Issuance of A Shares in accordance with relevant laws, regulations, and regulatory documents. Details are as follows:

1. To formulate and implement the specific plan for the Proposed Non-public Issuance of A Shares, including but not limited to issuance time, the final number of shares to be issued, specific price of the issuance, the selection of target subscribers, the proportion of subscriptions and other matters related to the pricing of the issuance, in accordance with the relevant laws and regulations, the relevant provisions of securities regulatory authorities and the resolution(s) at the general meeting;
2. To determine and engage intermediaries such as sponsor, amend, supplement, sign, submit, report and execute all agreements and other important documents in the operation of investments with the proceeds raised from the issuance, and deal with other related matters;
3. To prepare, revise and submit the application documents for the Proposed Non-public Issuance of A Shares, and make responses in its absolute discretion to the comments from the CSRC and other relevant government departments in accordance with the requirements of securities regulatory authorities;
4. To make adjustments to the arrangements for investments with the proceeds raised from the issuance within the scope of investments resolved at the general meeting; sign major contracts, agreements and reporting documents in the operation of investments with the proceeds raised from the issuance, and designate or establish a special deposit account for the proceeds raised from the issuance;
5. To increase the registered capital of the Company, make amendments to the relevant provisions of the Articles of Association, report the same to the relevant government departments and regulatory authorities for approval or filing, and handle the changes in registration of industry and commerce in accordance with the actual conditions of the issuance;

6. To handle the matters such as registration, lock-up and listing of the shares under the non-public issuance on the Shanghai Stock Exchange and with the Shanghai Branch of the China Securities Depository and Clearing Company Limited upon completion of the Proposed Non-public Issuance of A Shares;
7. To make adjustments to the non-public issuance plan and the investments with the proceeds raised from the issuance, and continue to handle the matters related to the non-public issuance of shares in accordance with the relevant national policies, the requirements of regulatory authorities (including the review feedback on the application for the Proposed Non-public Issuance of A Shares), market conditions and actual operation of the Company if there are any changes in the national policies on the Non-public Issuance of A Shares or the relevant market conditions, except for the matters required to be re-voted at the general meeting in accordance with the relevant laws, regulations and the Articles of Association; and
8. To handle all other matters related to the Proposed Non-public Issuance of A Shares.

This authorization is effective for a period of 12 months from the date on which it is considered and approved at the general meeting. However, if the Company obtains approval issued by the CSRC for such issuance plan within the validity period, the authorization period shall be automatically extended to the date on which such issuance is completed.

VI. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity during the twelve months immediately before the date of this announcement.

VII. REASONS AND BENEFITS FOR THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

The Board is of the opinion that the Proposed Non-public Issuance of A Shares will enable the Company to expand its capital scale, consolidate its capital base, seize the development opportunities in the capital market and the securities industry, establish its differentiated competitive advantages and improve its risk bearing ability, so as to enjoy the strategic first-mover advantage under increasingly fierce competition.

Taking into account the above reasons and benefits, the Board (including the independent non-executive Directors) considers that the Proposed Non-public Issuance of A Shares under general mandate is in the interest of the Company and the shareholders as a whole.

The annual general meeting will be convened by the Company to consider and approve, among other things, resolution(s) in relation to the Proposed Non-public Issuance of A Shares under general mandate. A circular containing, among other things, details of the Proposed Non-public Issuance of A Shares under general mandate, together with the notice of the annual general meeting, will be despatched to the Shareholders in due course.

The completion of the Proposed Non-public Issuance of A Shares under general mandate is subject to the fulfilment of relevant conditions, and therefore, the Proposed Non-public Issuance of A Shares under general mandate may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“A Share(s)”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi and are listed for trading on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“Company”	Haitong Securities Co., Ltd., 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
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Non-public Issuance of A Shares”	the proposed non-public issuance of no more than 1,618,426,236 A Shares by the Company to no more than 10 specific target subscribers under general mandate
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

“Share(s)” the ordinary share(s) of RMB1.00 each in the share capital of the Company, including A Shares and H Shares

“Shareholder(s)” the shareholder(s) of the Company, including holder(s) of H Shares and holder(s) of A Shares

By Order of the Board
Haitong Securities Co., Ltd.
ZHOU JIE
Chairman

Shanghai, the PRC
26 April 2018

As at the date of this announcement, our executive directors are Mr. ZHOU Jie and Mr. QU Qiuping; our non-executive directors are Ms. YU Liping, Mr. CHEN Bin, Mr. XU Jianguo, Mr. WU Yuezhou, Ms. ZHANG Xinmei and Mr. SHEN Tiedong; and our independent non-executive directors are Mr. LIU Cheeming, Mr. XIAO Suining, Dr. LAM Lee G., Mr. ZHANG Ming and Mr. FENG Lun.

* *For identification purpose only*