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**招商证券股份有限公司**

**China Merchants Securities Co., Ltd.**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 6099)**

**PROPOSED H SHARE RIGHTS ISSUE OF 294,120,354 H SHARES  
ON THE BASIS OF THREE (3) H RIGHTS SHARES FOR  
EVERY TEN (10) EXISTING H SHARES AT  
HK\$8.185 PER H RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE**

**PROPOSED A SHARE RIGHTS ISSUE OF 1,715,702,444 A SHARES  
ON THE BASIS OF THREE (3) A RIGHTS SHARES FOR  
EVERY TEN (10) EXISTING A SHARES AT  
RMB7.46 PER A RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE**

**CLOSURE OF THE H SHAREHOLDERS' REGISTER FROM  
TUESDAY, JULY 21, 2020 TO MONDAY, JULY 27, 2020**

**Sole Financial Advisor to the Company**

**CMS  招商證券國際**

**Joint Global Coordinators and Underwriters of the H Share Rights Issue**

**CMS  招商證券國際**

** CITIC  
SECURITIES**

## **INTRODUCTION**

References are made to the announcement of the Company dated March 12, 2019, the circulars of the Company dated April 29, 2019 and April 29, 2020 respectively, in relation to, among other things, the proposed Rights Issue Plans and the extension of the validity period of the resolutions in respect of the Rights Issue Plans and the poll results announcements dated May 20, 2019 and May 19, 2020, respectively, in which the resolutions to approve the proposed Rights Issue Plans and the resolutions to approve the extension of the validity period of the resolutions in respect of the Rights Issue Plans were duly passed at the EGM, the 2019 H Shareholders Class Meeting and the 2019 A Shareholders Class Meeting, and the AGM, the 2020 H Shareholders Class Meeting and the 2020 A Shareholders Class Meeting, respectively. The Company received from the CSRC the written approval (the Approval in respect of the Rights Issue of Overseas Listed Foreign Shares of China Merchants Securities Co., Ltd. (Zheng Jian Xu Ke [2019] No. 1946)\* (《關於核准招商證券股份有限公司境外上市外資股配股的批覆》) (證監許可[2019]1946號)) in respect of the H Share Rights Issue and the written approval (the Approval in respect of the Rights Issue of China Merchants Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No. 723)\* (《關於核准招商證券股份有限公司配股的批覆》) (證監許可[2020] 723號)) in respect of the A Share Rights Issue in October 2019 and May 2020, respectively.

## **THE RIGHTS ISSUE**

The Rights Issue is conducted on the basis of three (3) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders on the H Share Record Date at the Subscription Price of HK\$8.185 per H Rights Share and on the basis of three (3) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Record Date at the Subscription Price of RMB7.46 per A Rights Share. The Subscription Price of HK\$8.185 per H Rights Share and RMB7.46 per A Rights Share were determined by the Company with reference to the recent closing prices of the H Shares and A Shares, the financial condition of the Company, the prevailing market conditions and the valuation indicators such as stock prices and price-to-book ratios of the Company in the secondary market and the funding requirements of projects to be invested. The H Share Rights Issue will proceed on a fully underwritten basis on the terms and conditions set out in the Underwriting Agreement.

The Rights Issue, comprising the A Share Rights Issue and the H Share Rights Issue, is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB14.99 billion (assuming full subscription for the A Rights Shares) or RMB11.15 billion (assuming 70% subscription for the A Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB14.91 billion (assuming full subscription for the A Rights Shares) or RMB11.07 billion (assuming 70% subscription for the A Rights Shares).

## **CLOSURE OF THE H SHARE REGISTER**

The H Shareholders' Register will be closed from Tuesday, July 21, 2020 to Monday, July 27, 2020, both days inclusive. No transfers of H Shares will be registered during this period.

**Shareholders and potential investors of the Company should note that the H Share Rights Issue is subject to the terms and conditions of the Underwriting Agreement. If any of the conditions of the H Share Rights Issue are not fulfilled, the H Share Rights Issue will not proceed. The Underwriting Agreement contains provisions entitling the Joint Global Coordinators (on behalf of the Underwriters) by notice in writing to terminate the Underwriting Agreement upon the occurrence of certain events. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue will not proceed.**

**Any H Shareholder or other person dealing in H Shares up to the date on which all the conditions to which the H Share Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of terminating the Underwriting Agreement ceases) and any person dealing in the Nil-paid H Rights during the period from Thursday, July 30, 2020 to Thursday, August 6, 2020 (both days inclusive) will bear the risk that the H Share Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders and potential investors of the Company are recommended to consult their professional advisers.**

**As the tentative timetable may be subject to change and the H Share Rights Issue may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and securities of the Company.**

## INTRODUCTION

References are made to the announcement of the Company dated March 12, 2019, the circulars of the Company dated April 29, 2019 and April 29, 2020 respectively, in relation to, among other things, the proposed Rights Issue Plans and the extension of the validity period of the resolutions in respect of the Rights Issue Plans and the poll results announcements dated May 20, 2019 and May 19, 2020, respectively, in which the resolutions to approve the proposed Rights Issue Plans and the resolutions to approve the extension of the validity period of the resolutions in respect of the Rights Issue Plans were duly passed at the EGM, the 2019 H Shareholders Class Meeting and the 2019 A Shareholders Class Meeting, and the AGM, the 2020 H Shareholders Class Meeting and the 2020 A Shareholders Class Meeting, respectively. The Company received from the CSRC the written approval (the Approval in respect of the Rights Issue of Overseas Listed Foreign Shares of China Merchants Securities Co., Ltd. (Zheng Jian Xu Ke [2019] No. 1946)\* (《關於核准招商證券股份有限公司境外上市外資股配股的批覆》)(證監許可[2019]1946號)) in respect of the H Share Rights Issue and the written approval (the Approval in respect of the Rights Issue of China Merchants Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No. 723)\* (《關於核准招商證券股份有限公司配股的批覆》)(證監許可[2020] 723號)) in respect of the A Share Rights Issue in October 2019 and May 2020, respectively.

## THE RIGHTS ISSUE

The Rights Issue is conducted on the basis of three (3) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders on the H Share Record Date at the Subscription Price of HK\$8.185 per H Rights Share and on the basis of three (3) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Record Date at the Subscription Price of RMB7.46 per A Rights Share. The Subscription Price of HK\$8.185 per H Rights Share and RMB7.46 per A Rights Share were determined by the Company with reference to the recent closing prices of the H Shares and A Shares, the financial condition of the Company, the prevailing market conditions and the valuation indicators such as stock prices and price-to-book ratios of the Company in the secondary market and the funding requirements of projects to be invested. The H Share Rights Issue will proceed on a fully underwritten basis on the terms and conditions set out in the Underwriting Agreement.

The Rights Issue, comprising the A Share Rights Issue and the H Share Rights Issue, is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB14.99 billion (assuming full subscription for the A Rights Shares) or RMB11.15 billion (assuming 70% subscription for the A Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB14.91 billion (assuming full subscription for the A Rights Shares) or RMB11.07 billion (assuming 70% subscription for the A Rights Shares).

## H SHARE RIGHTS ISSUE

The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” in this announcement.

Details of the H Share Rights Issue are as follows:

### H Share Rights Issue statistics

Basis of H Share Rights Issue:	three (3) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders on the H Share Record Date
Number of H Shares in issue as at the date of this announcement:	980,401,180 H Shares
Number of H Rights Shares proposed to be issued (assuming the number of H Shares in issue on the H Share Record Date remains the same as at the date of this announcement):	294,120,354 H Shares
Aggregate nominal value of the H Rights Shares:	RMB294,120,354
Subscription Price:	HK\$8.185 per H Rights Share
Joint Global Coordinators and Underwriters:	CMSHK CLSA Limited

Assuming no change in the number of issued H Shares on or before the H Share Record Date, the 294,120,354 H Rights Shares proposed to be issued pursuant to the terms of the H Share Rights Issue represent: (i) 30% of the existing issued H Share capital of the Company as at the date of this announcement; and (ii) 23.08% of the issued H Share capital of the Company as enlarged by the allotment and issuance of the H Rights Shares (assuming there is no other change in the shareholding structure of the Company since the date of this announcement).

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the H Shares.

## **Basis of Entitlement**

Subject to fulfilment of the conditions set out below in the paragraph headed “Conditions of the H Share Rights Issue”, Qualified H Shareholders will be provisionally allotted three (3) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders as at the close of business on the H Share Record Date at the Subscription Price, being HK\$8.185, for each H Rights Share payable in full on acceptance.

## **Qualified H Shareholders, PRC Southbound Trading Investors and Closure of the H Shareholders’ Register**

The Company is sending the Prospectus Documents comprising the H Share Rights Issue Prospectus, the Provisional Allotment Letters and the Excess Application Forms, to Qualified H Shareholders only. To qualify for the subscription of the H Rights Shares, an H Shareholder must be registered as a member of the Company as at the close of business on the H Share Record Date and must not be an Excluded H Shareholder.

The PRC Southbound Trading Investors may participate in the H Share Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights on the Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of H Rights Shares held on the H Share Record Date at the Subscription Price under the H Share Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess H Rights Shares under the H Share Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, according to the legal advice from the PRC legal adviser of the Company, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in the China Clear are credited with Nil-paid H Rights can only sell those Nil-paid H Rights on the Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights nor transfer such Nil-paid H Rights to other PRC Southbound Trading Investors.

Save and except for the PRC Southbound Trading Investors and H Shareholders who have been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations, according to the legal advice from the PRC legal adviser of the Company, other H Shareholders in the PRC are not entitled to participate in the H Share Rights Issue.



**The PRC Southbound Trading Investors should seek advice from their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions for such intermediaries in relation to the acceptance and/or sale of the Nil-Paid H Rights. Such instructions should be given in advance of the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares in the paragraph headed “Expected H Share Rights Issue Timetable” below and otherwise in accordance with the requirements of the intermediaries of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.**

The last day of dealings in the H Shares on a cum-rights basis will be Thursday, July 16, 2020 and the H Shares will be dealt with on an ex-rights basis from Friday, July 17, 2020. In order to be a Qualified H Shareholder, H Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, July 20, 2020.

The H Shareholders’ Register will be closed from Tuesday, July 21, 2020 to Monday, July 27, 2020, both days inclusive. No transfers of H Shares will be registered during this period.

**Those Qualified H Shareholders who do not take up the H Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

### **Excluded H Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than (a) Hong Kong; and (b) the PRC, in accordance with the CSRC Notice.

Pursuant to Rule 13.36(2) of the Hong Kong Listing Rules, the Board is currently making enquiries regarding the feasibility of extending the H Share Rights Issue to the Overseas Shareholders. If, based on such enquiries and legal advice in the relevant jurisdictions obtained by the Company, the Board considers that it is necessary or expedient not to offer the H Rights Shares to certain Overseas Shareholders (who are Excluded H Shareholders) on account either of the legal restrictions under the laws of the place(s) of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place, the H Share Rights Issue will not be made available to the Excluded H Shareholders and no provisional allotment of the Nil-paid H Rights or allotment of H Rights Shares will be made to them. Further information will be set out in the H Share Rights Issue Prospectus.

To the extent reasonably practicable and legally permitted, the Company will send the H Share Rights Issue Prospectus to each of the Excluded H Shareholders for information purposes only, but will not send the Provisional Allotment Letters and the Excess Application Forms to the Excluded H Shareholders. However, the H Share Rights Issue Prospectus shall not be despatched to the Excluded H Shareholders whom the Company knows to be resident in the jurisdiction(s) which restrain(s) the posting of the Proposed Documents.

Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded H Shareholders, to be sold in the market in their nil-paid form, as soon as practicable after the commencement of the dealings in the Nil-paid H Rights, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid on a *pro rata* basis to the Excluded H Shareholders, which means the Company will pay individual amounts of more than HK\$100 to the relevant Excluded H Shareholders, provided that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded H Shareholders will be made available for excess application by the Qualified H Shareholders.

### **Subscription Price for the H Rights Shares**

The Subscription Price of HK\$8.185 per H Rights Share is payable in full when a Qualified H Shareholder accepts the relevant provisional allotment of H Rights Shares or applies for excess H Rights Shares or when a transferee of Nil-paid H Rights accepts the H Rights Shares.

The Subscription Price of HK\$8.185 per H Rights Share represents:

1. a discount of approximately 41.79% to the closing price of HK\$14.06 per H Share as quoted on the Stock Exchange on July 6, 2020 (being the date of the Underwriting Agreement);
2. a discount of approximately 24.91% to the closing price of HK\$10.90 per H Share as quoted on the Stock Exchange on July 3, 2020 (being the Price Determination Date);
3. a discount of approximately 11.09% to the average closing price of HK\$9.21 per H Share as quoted on the Stock Exchange for the five consecutive trading days up to and including July 3, 2020 (being the Price Determination Date);
4. a discount of approximately 6.95% to the average closing price of HK\$8.80 per H Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including July 3, 2020 (being the Price Determination Date);



5. a discount of approximately 2.42% to the average closing price of HK\$8.39 per H Share as quoted on the Stock Exchange for the 20 consecutive trading days up to and including July 3, 2020 (being the Price Determination Date);
6. a discount of approximately 20.33% to the theoretical ex-right price of HK\$10.27 per H Share based on the closing price of HK\$10.90 per H Share as quoted on the Stock Exchange on July 3, 2020 (being the Price Determination Date); and
7. a theoretical dilution effect (as defined under Rule 7.27B of the Hong Kong Listing Rules) represented by:
  - (i) a discount of approximately 16.66% to all the existing Shareholders, which is calculated based on the weighted theoretical diluted price of approximately HK\$24.53 per Rights Share to the weighted benchmarked price of approximately HK\$29.44 per Rights Share;
  - (ii) a discount of approximately 9.64% to all the existing H Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$12.70 per H Rights Share to the benchmarked price of approximately HK\$14.06 per H Rights Share; and
  - (iii) a discount of approximately 17.19% to all the existing A Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$26.56 per A Rights Share to the benchmarked price of approximately HK\$32.07 per A Rights Share.

Both of the abovementioned theoretical diluted price and the benchmarked price, as defined under Rule 7.27B of the Hong Kong Listing Rules, have taken into account the closing price of the H Shares and/or A Shares on the date of the Underwriting Agreement and the average of the closing prices of the H Shares and/or A Shares as quoted on the Stock Exchange and/or SSE for the last five consecutive trading days up to and including the Price Determination Date). Accordingly, the Rights Issue will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Hong Kong Listing Rules.

The Subscription Price of HK\$8.185 per H Rights Shares was determined after arm's length negotiation between the Company and the Underwriters with reference to, among other things, (i) the recent closing prices of H Shares; (ii) the funding and capital needs of the Company for its business plans and prospects set out under the paragraph headed "Reasons for the Rights Issue and Use of Proceeds"; (iii) valuation indicators such as stock prices and price-to-book ratios of the Company in the secondary market; (iv) the percentage discount(s) in other comparable rights issue transactions recently conducted in the market; and (v) the recent market conditions of the capital market in Hong Kong.

The net price per H Rights Share (i.e. the Subscription Price less estimated cost and expense incurred in the H Share Rights Issue) upon full acceptance of the relevant provisional allotment of the H Rights Shares will be approximately HK\$7.97.

After taking into account the reasons for the Rights Issue as stated in the paragraph headed “Reasons for the Rights Issue and Use of Proceeds” below, the Directors (including the independent non-executive Directors) consider that the terms of the H Share Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the H Shareholders as a whole.

### **Status of the H Rights Shares**

The H Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

### **Fractional Entitlements**

Fractional entitlements to H Rights Shares will not be provisionally allotted and Qualified H Shareholders’ entitlements will be rounded down to the nearest whole number. Nil-paid H Rights representing the aggregate of all the fractional entitlements to H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can reasonably be obtained, will be sold by the Company or its appointed nominee in the market in their nil-paid form after dealing in the Nil-paid H Rights commences and the net proceeds of sale will be retained by the Company for its own benefit. Any unsold fractions of H Rights Shares will be available for excess application by Qualified H Shareholders. No odd lot matching services will be provided for the H Share Rights Issue.

### **Application for Excess H Rights Shares**

Qualified H Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for: (i) any H Rights Shares to which unsold entitlements of the Excluded H Shareholders relate; (ii) any unsold fractional entitlements to the H Rights Shares; and (iii) any H Rights Shares provisionally allotted to but not accepted by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights.

Application for excess H Rights Shares shall be made only by Qualified H Shareholders (other than PRC Southbound Trading Investors) and only by completing an Excess Application Form and lodging the same with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for with the H Share Registrar no later than 4:00 p.m. on Tuesday, August 11, 2020.

All remittances must be made in Hong Kong dollars and by cheque or cashier's order. Cheques must be drawn on an account with, and cashier's order must be issued by, a licensed bank in Hong Kong and made payable to the designated account as mentioned in the H Share Rights Issue Prospectus and crossed "Account Payee Only".

The Board will allocate the excess H Rights Shares at its sole and absolute discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. The remaining excess H Rights Shares (if preference will be given) or all excess H Rights Shares (if no preference will be given) will be allocated to Qualified H Shareholders (other than the PRC Southbound Trading Investors) who have applied for excess H Rights Shares on a *pro rata* basis with reference to their number of excess H Rights Shares applied for and with board lot allocations to be made on a best effort basis.

Pursuant to Rule 7.21(3)(b) of the Hong Kong Listing Rules, the Company will also take steps to identify the applications for excess H Rights Shares made by any controlling shareholder and its associates (together, the "**Relevant Shareholders**"), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders' applications for excess H Rights Shares to the extent that the total number of excess H Rights Shares they have applied for exceeds a maximum number equivalent to the total number of H Rights Shares offered under the H Share Rights Issue minus the number of H Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the H Rights Shares.

If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders under the Provisional Allotment Letters is greater than the aggregate number of excess H Rights Shares applied for through the Excess Application Forms, the Directors will allocate to each Qualified H Shareholder who applies for excess H Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualified H Shareholders with odd lots of H Rights Shares will be topped up to whole board lots pursuant to their applications for excess H Rights Shares.

If no excess H Rights Shares are allotted and issued to a Qualified H Shareholder, the amount tendered on application is expected to be refunded to that Qualified H Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Qualified H Shareholder on or about Wednesday, August 19, 2020. If the number of excess H Rights Shares allotted and issued to a Qualified H Shareholder is less than the number applied for, the surplus application monies are also expected to be refunded to such Qualified H Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Qualified H Shareholder on or about Wednesday, August 19, 2020.

If the Underwriters exercise the right to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions precedent under the Underwriting Agreement are not fulfilled before the Latest Time for Termination and the H Share Rights Issue does not proceed, the monies received in respect of relevant applications for excess H Rights Shares will be returned to the relevant persons without interest, by means of cheque(s) to be despatched by ordinary post at the risk of such persons on or about Wednesday, August 19, 2020.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All enquiries in connection with the Excess Application Form should be addressed to the H Share Registrar.

H Shareholders whose Shares are held by a nominee company (including HKSCC Nominees) should note that for the purpose of the H Share Rights Issue, the Board will regard the nominee company (including HKSCC Nominees) as a single Shareholder according to the H Shareholders' Register. Accordingly, the H Shareholders should note that the aforesaid arrangement in relation to the allocation of excess H Rights Shares will not be extended to Beneficial H Shareholder(s) individually. H Shareholders whose H Shares are held by a nominee company (including HKSCC Nominees) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the Beneficial H Shareholder(s) prior to the H Share Record Date. For those H Shareholders who would like to have their names registered on the H Shareholders' Register, all necessary documents must be lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, July 20, 2020.

## Conditions of the H Share Rights Issue

It is expected that the H Share Rights Issue will be conditional upon the fulfillment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the general meeting of the Company;
2. the approval of the Rights Issue at the H Shareholders class meeting and the A Shareholders class meeting of the Company, respectively;
3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities;
4. the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of the H Share Rights Issue Prospectus; and
5. the delivery to the Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by laws to be filed by and registered with the Registrar of Companies in Hong Kong.

None of the above conditions for completion of the H Share Rights Issue may be waived by the Company. As at the date of this announcement, the conditions under 1 to 3 above have been fulfilled. **If any of the above conditions is not fulfilled, the H Share Rights Issue will not proceed.**

Furthermore, it should be noted that the H Share Rights Issue will proceed on a fully underwritten basis in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules. Please refer to the paragraph headed “H Share Rights Issue Underwriting Arrangement” below for details of the underwriting arrangement. **In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.**

The H Share Rights Issue and the A Share Rights Issue are inter-conditional. Pursuant to the Underwriting Agreement, the underwriting obligations of the Underwriters under the Underwriting Agreement are conditional upon, among other things, the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of the H Share Rights Issue Prospectus.

## **H Shareholder's Undertakings**

Best Winner Investment Limited, a company fully held by the controlling shareholder of the Company, China Merchants Group, which holds 67,706,400 H Shares, representing approximately 1.01% of the total issued share capital of the Company as at the date of this announcement, has committed to subscribe in cash for all the offered H Rights Shares which will be allotted to it in proportion to its shareholding in the Company as of the H Share Record Date according to the Rights Issue Plans approved by the 17th meeting of the sixth session of the Board in 2019 and to subscribe, subject to compliance with relevant laws and regulations, to the greatest extent permitted and up to 130 million additional H Rights Shares by way of excess application. Such subscription undertaking shall only become exercisable upon approval of the Rights Issue by the relevant regulatory authorities.

China COSCO Shipping Corporation Limited (“**China COSCO**”) which indirectly holds 669,270,950 Shares (comprising of 509,426,550 A Shares and 159,844,400 H Shares), representing approximately 9.99% of the total issued share capital of the Company, 8.91% of the total issued A Share capital of the Company and 16.30% of the total issued H Share capital of the Company as at the date of this announcement, has committed to procure its subsidiaries to subscribe in cash for all the offered Rights Shares which will be allotted to them in proportion to their shareholding as of the H Share Record Date in the Company.

## **Application for Listing/Dealing Arrangements**

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the H Rights Shares, in both nil-paid and fully-paid forms. Dealings in the nil-paid and fully-paid H Rights Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong. The board lot size of Nil-paid H Rights and H Rights Shares is 200 Nil-paid H Rights and 200 H Rights Shares, respectively.

## **H Rights Shares will be Eligible for Admission into CCASS**

Subject to the granting of listing of, and permission to deal in, the H Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the H Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. H Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.



## H Share Rights Issue Underwriting Arrangement

The H Share Rights Issue will proceed on a fully underwritten basis in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules. Details of the underwriting arrangement in relation to the H Share Rights Issue are set out below:

Date: July 6, 2020

Joint Global Coordinators and Underwriters:

CMSHK, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO, and CLSA Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities as defined under the SFO. CMSHK is a wholly-owned subsidiary of the Company. To the best of the Directors' knowledge and information and having made all reasonable enquiries, save and except that CMSHK is a wholly-owned subsidiary of the Company, CLSA Limited and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Hong Kong Listing Rules) of the Company.

Total number of underwritten H Rights Shares: 225,855,114

CMSHK is a wholly-owned subsidiary of the Company as at the date of this announcement. Given that CMSHK is a well-established licensed corporation in Hong Kong which can provide relevant services to the Company, the Company believes that engaging CMSHK as sole financial advisor and one of the Joint Global Coordinators in the H Share Rights Issue is beneficial to the preparation and execution of the H Share Rights Issue and can create strategic synergies within the Group and further strengthen the Company's leading position in the securities industry. CMSHK has undertaken to the Company that it shall procure independent placees to take up all the H Shares underwritten by it and it shall not at any time hold any H Shares.

### *Conditions of the Underwriting Agreement*

The underwriting obligations of the Underwriters under the Underwriting Agreement are conditional upon the following being fulfilled:

- (i) all the respective representations and warranties and other statements in the Underwriting Agreement on the part of the Company being true and accurate and not misleading at and as of the date of the Underwriting Agreement, the date of the H Share Rights Issue Prospectus and the date of any supplementary prospectus, as of the time of sale, as of the Latest Time for Termination and at the time of delivery, as if they had been repeated by reference to the facts and circumstances then existing, to the performance by the Company of all its obligations under the Underwriting Agreement;
- (ii) the H Rights Shares being duly issued and provisionally allotted by the authorized representatives of the Board on the terms set out in the Prospectus Documents to the Qualified H Shareholders;
- (iii) the counsel for the Underwriters (on behalf of the Joint Global Coordinators (for themselves and on behalf of the Underwriters)) receiving from the counsel for the Company (on behalf of the Company) certain documents as specified in the Underwriting Agreement by the times and dates specified therein;
- (iv) the counsel for the Underwriters (on behalf of the Joint Global Coordinators (for themselves and on behalf of the Underwriters)) receiving from the counsel for the Company (on behalf of the Company) certain documents in relation to supplementary prospectus (if any) as specified in the Underwriting Agreement by the times and dates specified therein;
- (v) the approval of the H Share Rights Issue granted by SASAC and CSRC being valid and not having been withdrawn or revoked;
- (vi) the Stock Exchange issuing a certificate authorising registration of the Prospectus Documents with the Companies Registrar under section 342C of the Companies (WUMP) Ordinance on or before the despatch of the H Share Rights Issue Prospectus;
- (vii) duly certified copy of the Prospectus Documents having been lodged with the Companies Registrar on or before the despatch of the H Share Rights Issue Prospectus and the Companies Registrar issuing a confirmation of registration letter on or before the despatch of the H Share Rights Issue Prospectus;

- (viii) the grant of listing of and permission to deal in the Nil-paid H Rights and the H Rights Shares (either unconditional or subject only to allotment and despatch of the share certificates in respect thereof) by the Stock Exchange and dealings in the Nil-paid H Rights and the H Rights Shares being allowed by the Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked);
- (ix) posting of the Prospectus Documents to the Qualified H Shareholders on or before Tuesday, July 28, 2020 (or such later date to be agreed with the Joint Global Coordinators) and the posting, to the extent reasonably practicable and legally permitted, of the H Share Rights Issue Prospectus for information purposes only to the Excluded H Shareholder; provided that the H Share Rights Issue Prospectus shall not be posted to Excluded H Shareholders who are known by the Company to be resident in the jurisdictions which restrict the posting of the Prospectus Documents, including but not limited to the United States;
- (x) fulfilment by the committed shareholders with all of their obligations under their undertakings by the times specified therein, and their undertakings not having been terminated;
- (xi) the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of the H Share Rights Issue Prospectus;
- (xii) the compliance with and performance by the Company with all of its undertakings and obligations under the terms of the Underwriting Agreement in all material respects;
- (xiii) the consummation of the H Share Rights Issue and the performance of obligations of the Underwriters under the Underwriting Agreement not being prohibited by any statute, order, rule, regulation or directive issued by any legislative, executive or regulatory body or authority;
- (xiv) no stop order or similar order having been issued by any court or other judicial, governmental or regulatory authority in relation to the H Share Rights Issue nor the sale and subscription and/or purchase of the H Rights Shares (in their nil-paid and fully-paid forms, respectively); and

- (xv) no matter having arisen prior to the Latest Time for Termination which might reasonably be expected to give rise to a claim under “Termination of the Underwriting Agreement” and which, in any such case, the Underwriters consider in their absolute discretion, as applicable, to be material in the context of the H Share Rights Issue or the underwriting of the H Share Rights Issue.

The Joint Global Coordinators (on behalf of the Underwriters) shall have the right, in their absolute discretion, on or before the last day on which each of the above conditions is required to be fulfilled, either: (a) to waive any of the conditions specified above (except the conditions specified in (ii), (iv), (v), (vi), (vii), (viii) and (x)), or (b) to extend the deadline for the fulfilment of any above condition by such number of days or in such manner as the Joint Global Coordinators (on behalf of the Underwriters) may determine in which case the Joint Global Coordinators (on behalf of the Underwriters) shall be entitled to extend the other dates or deadlines referred to in the Underwriting Agreement in such manner as it deems appropriate.

#### *Termination of the Underwriting Agreement*

The Underwriting Agreement shall terminate without further act or deed if any of the conditions to the obligations of the Joint Global Coordinators (on behalf of the Underwriters), as set forth in “Conditions of the Underwriting Agreement”, shall not have been satisfied when and as required by the Underwriting Agreement to be satisfied (unless otherwise waived or modified by the Joint Global Coordinators (on behalf of the Underwriters)).

In addition, the obligations of the Underwriters shall be subject to termination in the sole and absolute discretion of the Joint Global Coordinators (on behalf of the Underwriters) with immediate effect, at any time prior to the Latest Time for Termination if:

- (i) there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting the assets, liabilities, business, operations, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate, in the absolute judgment of the Joint Global Coordinators (on behalf of the Underwriters), so material and adverse as to make it or likely to make it impracticable or inadvisable or inexpedient to proceed with the H Share Rights Issue or the delivery of the H Rights Shares on the terms and in the manner contemplated in the H Share Rights Issue Prospectus or likely to have a material adverse effect on the success of the H Share Rights Issue or the level of the H Rights Shares taken up;

- (ii) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Joint Global Coordinators (on behalf of the Underwriters), or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement which has or will have or may have a material adverse effect on the H Share Rights Issue; or
- (iii) there shall have developed, occurred, happened or come into effect any of the following:
  - (A) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange or the SSE;
  - (B) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange;
  - (C) any downgrading or any notice or announcement of any intended or potential downgrading or of any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Company or any other member of the Group by any national or international rating agency;
  - (D) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) or a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof);
  - (E) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation, exchange controls or currency exchange rates in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof);
  - (F) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent authority in Hong Kong, the PRC, the United States or the United Kingdom, the European Union (or any member thereof);
  - (G) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared),

act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof); or (H) any change or development or any event or series of events involving a prospective change or any event or series of events or circumstance likely to result in a change or a development involving a prospective change (whether or not permanent) in any local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets and credit markets) in or affecting Hong Kong, the PRC, the United States, the United Kingdom or European Union (or any member thereof), if the effect of any such event or circumstance specified above, individually or in the aggregate, in the sole and absolute judgment of the Joint Global Coordinators (on behalf of the Underwriters), makes it or may make it impracticable or inadvisable or inexpedient to proceed with the H Share Rights Issue or the delivery of the H Rights Shares on the terms and in the manner contemplated in the H Share Rights Issue Prospectus or, have or will have a material adverse effect on the success of the H Share Rights Issue or the level of the H Rights Shares taken up; or

- (iv) any statement contained in any of the relevant documents was or has become untrue or incorrect in any material respect or misleading; or
- (v) any matter has arisen or been discovered which would, if this announcement or the H Share Rights Issue Prospectus (or any supplement or amendment thereto) had been issued at that time, constitute a material omission therefore if it had not been disclosed in this announcement or the H Share Rights Issue Prospectus (or any supplement or amendment thereto); or
- (vi) the Company is required to issue a supplementary prospectus in connection with the H Share Rights Issue; or
- (vii) the permission to deal in and the listing of the H Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (viii) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group which has or will have or may have a material adverse effect on the Group; or



(ix) any change or prospective change in the condition, results of operations, prospects, management, business, shareholders' equity or in the financial or trading position of any member of the Group which, in the sole opinion of the Joint Global Coordinators (on behalf of the Underwriters), is or may be materially adverse in the context of the H Share Rights Issue; or

(x) any director of the Company committing any act of fraud or other indictable offense, or

if, after the execution and delivery of the Underwriting Agreement, the sale and delivery of the H Rights Shares, as contemplated by the Underwriting Agreement, is not carried out as a result of any termination of the Underwriting Agreement pursuant hereto or because the Company shall be unable to comply with any of the terms of the Underwriting Agreement, each party shall cease to have any further rights and obligations under the Underwriting Agreement, save for any antecedent breach or the Company's obligations under the Underwriting Agreement.

#### *Lock-up Undertakings*

Pursuant to the Underwriting Agreement, the Company has undertaken to the Joint Global Coordinators and the Underwriters that:

- (a) except (i) for the H Rights Shares to be allotted and issued pursuant to the H Share Rights Issue; or
- (b) with the prior written consent of the Joint Global Coordinators (and which may be given or withheld at the absolute discretion of the Joint Global Coordinators and such consent not to be unreasonably withheld or delayed),

from the date of the Underwriting Agreement up to 90 days after the first day of trading of the H Rights Shares on the Stock Exchange, the Company will not (A) allot or issue or sell, or offer to allot or issue or sell, accept subscription for, pledge, lend, mortgage, assign, charge, purchase any option or contract to sell, or grant any option, right or warrant to subscribe for or purchase or lend or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or other equity securities of the Company or any interests therein (including but not limited to any securities convertible into or exercisable or exchangeable for any Shares or which carry rights to subscribe for or purchase or receive Shares), or deposit Shares with a depository in connection with the issue of depository receipts, or (B) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or such securities of the Company or any interest therein or has an effect on the market in the Shares similar to that of a sale of interest in Shares or repurchase any Shares, or

(C) enter into any transaction with the same economic effect as any transaction described in (A) or (B) above, or (D) offer or agree or contract or announce any intention to enter into or effect any such transaction described in (A), (B) or (C) above whether any of the foregoing transactions described in (A), (B) or (C) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; provided, however, that the foregoing restrictions shall not apply to any issuance of stock dividends.

### **Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights**

Existing H Shares are expected to be dealt in on an ex-rights basis from Friday, July 17, 2020. Dealings in the H Rights Shares in nil-paid form are expected to take place from Thursday, July 30, 2020 to Thursday, August 6, 2020 (both days inclusive). **If the conditions of the H Share Rights Issue (please see the paragraph headed “Conditions of the H Share Rights Issue” above) are not fulfilled, the H Share Rights Issue will not proceed.**

**Furthermore, in the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.**

**Any dealing in the H Shares or the Nil-paid H Rights is at the investor’s own risk. If in any doubt, investors are recommended to consult their professional advisers.**

### **Despatch of H Share Certificates and Refund Cheques**

Subject to fulfilment of the conditions of the H Share Rights Issue, it is expected that the certificates for the H Rights Shares and the refund cheques in respect of wholly or partly unsuccessful applications for excess H Rights Shares (if any) will be despatched by ordinary post to the allottees, at their own risk, to their registered addresses by the H Share Registrar on or about Wednesday, August 19, 2020.

## **Taxation**

Qualified H Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms) and, as regards the Excluded H Shareholders, their receipt of the net proceeds of the nil-paid forms of the H Rights Shares otherwise falling to be issued to them under the H Share Rights Issue. It is emphasized that neither the Company, the Directors nor any other party involved in the H Share Rights Issue accept responsibility for any tax effects or liabilities of holders of the H Rights Shares resulting from the purchase, holding, disposal of, or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms).

### **Expected H Share Rights Issue Timetable**

Last day of dealings in H Shares on a cum-rights basis . . . . . Thursday, July 16, 2020

First day of dealings in H Shares on an ex-rights basis . . . . . Friday, July 17, 2020

Latest time for lodging transfer of H Shares in order to  
qualify for the H Share Rights Issue . . . . . 4:30 p.m. on Monday, July 20, 2020

H Shareholders' Register closed . . . . . Tuesday, July 21, 2020 to  
Monday, July 27, 2020  
(both days inclusive)

H Share Record Date . . . . . Monday, July 27, 2020

H Shareholders' Register re-opens . . . . . Tuesday, July 28, 2020

Despatch of Prospectus Documents . . . . . Tuesday, July 28, 2020

First day of dealings in Nil-paid H Rights . . . . . Thursday, July 30, 2020

Latest time for splitting Nil-paid H Rights . . . . . 4:30 p.m. on Monday, August 3, 2020

Last day of dealings in Nil-paid H Rights . . . . . Thursday, August 6, 2020

Latest time for acceptance of and payment for  
H Rights Shares and application and payment  
for excess H Rights Shares ..... 4:00 p.m.  
on Tuesday, August 11, 2020

Latest time for the termination of the Underwriting Agreement and  
for the H Share Rights Issue to become unconditional ..... 5:00 p.m.  
on Wednesday, August 12, 2020

Announcement of results of acceptance of and  
excess applications for H Rights Shares ..... Tuesday, August 18, 2020

Despatch of certificates for fully-paid H Rights Shares ..... Wednesday, August 19, 2020

Despatch of refund cheques in respect of wholly or  
partially unsuccessful applications  
for excess H Rights Shares ..... Wednesday, August 19, 2020

Commencement of dealings in fully-paid H Rights Shares ..... 9:00 a.m.  
on Thursday, August 20, 2020

*All times and dates herein refer to Hong Kong local time and dates. Shareholders should note that the dates specified in the expected timetable of the H Share Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be changed by the Board. In the event any special circumstances arise, the Board or the authorized person(s) by the Board may extend or make adjustments to the timetable if it considers appropriate. Any such change to the expected timetables will be published or notified to the Shareholders accordingly.*

## **EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR H RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS H RIGHTS SHARES**

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will not take place if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning:

1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date. Instead the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares does not take place on the Last Acceptance Date, the dates mentioned in the paragraph headed “Expected H Share Rights Issue Timetable” above may be affected. An announcement will be made by the Company in such event.

## **A SHARE RIGHTS ISSUE**

Details of the A Share Rights Issue are as follows:

### **A Share Rights Issue statistics**

Basis of A Share Rights Issue:	Three (3) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Record Date
Number of A Shares in issue as at the date of this announcement:	5,719,008,149 A Shares
Number of A Rights Shares proposed to be issued (assuming the number of A Shares in issue on the A Share Record Date remains the same as at the date of this announcement):	1,715,702,444 A Shares
Subscription Price:	RMB7.46 per A Rights Share
Sponsor:	CITIC Securities Company Limited

### **Basis of Entitlement**

Subject to fulfilment of the conditions set out below in the paragraph headed “Conditions of the A Share Rights Issue”, Qualified A Shareholders will be provisionally allotted three (3) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Record Date at the Subscription Price, being RMB7.46, for each A Rights Share payable in full on acceptance.

### **Qualified A Shareholders**

To qualify for the A Share Rights Issue, an A Shareholder must be registered on the register of the Company at the Shanghai branch of China Clear on the A Share Record Date.



## **A Share Rights Issue Timetable**

Publication of A Share Rights Issue Prospectus . . . . . Tuesday, July 7, 2020

On-line Roadshow . . . . . Wednesday, July 8, 2020

A Share Record Date . . . . . Thursday, July 9, 2020

Commencement of the A Share Rights Issue and  
first day for acceptance of and payment for  
the A Rights Shares . . . . . Friday, July 10, 2020

Suspension of trading in the A Shares . . . . . Friday, July 10, 2020 to  
Friday, July 17, 2020 (both days inclusive)

Close of the A Share Rights Issue and last day for  
payment for the A Rights Shares . . . . . Thursday, July 16, 2020

Verification of payment for subscription for  
the A Rights Shares . . . . . Friday, July 17, 2020

Announcement of results of the A Share Rights Issue and  
resumption of trading in the A Shares . . . . . Monday, July 20, 2020

## Conditions of the A Share Rights Issue

It is expected that the A Share Rights Issue will be conditional upon the fulfillment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the general meeting of the Company;
2. the approval of the Rights Issue at the A Shareholders class meeting and the H Shareholders class meeting of the Company, respectively;
3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities;
4. the fulfillment of the public undertaking made by the controlling shareholder of the Company in respect of the subscription amount; and
5. the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Share Rights Issue.

None of the above conditions for completion of the A Share Rights Issue may be waived by the Company. As at the date of this announcement, the conditions under 1 to 3 above have been fulfilled. **If any of the above conditions is not fulfilled, the A Share Rights Issue will not proceed.**

The H Share Rights Issue and the A Share Rights Issue are inter-conditional. Pursuant to the Underwriting Agreement, the underwriting obligations of the Underwriters under the Underwriting Agreement are conditional upon, among other things, the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of this announcement.

## A Share Rights Issue to Proceed on a Non-Fully-Underwritten Basis

The A Share Rights Issue will proceed on a non-fully-underwritten basis as required under the applicable PRC laws and regulations. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights.

## **A Shareholders' Undertaking**

As at the date of this announcement, China Merchants Group held a total of approximately 44.09% Shares through its subsidiaries, China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司) and Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司). The Company has received from its controlling shareholders, China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司), which held approximately 23.514% of the total issued share capital of the Company as at the date of this announcement, and its parties acting in concert, Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司), which held approximately 19.565% of the total issued share capital of the Company as at the date of this announcement, an undertaking to subscribe for A Rights Shares to be issued by the Company. China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司) and Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司) have committed to subscribe in cash for all the offered A Rights Shares which will be allotted to them in proportion to their shareholding in the Company according to the Rights Issue Plans approved by the 17th meeting of the sixth session of the Board in 2019. Such subscription undertaking shall only become exercisable upon approval of the Rights Issue by the relevant regulatory authorities.

China COSCO which indirectly holds 669,270,950 Shares (comprising of 509,426,550 A Shares and 159,844,400 H Shares), representing approximately 9.99% of the total issued share capital of the Company, 8.91% of the total issued A Share capital of the Company and 16.30% of the total issued H Share capital of the Company as at the date of this announcement, has committed to procure its subsidiaries to subscribe in cash for all the offered Rights Shares which will be allotted to them in proportion to their shareholding in the Company.

## **Application for Listing**

Application will be made to the SSE for the listing of the A Rights Shares.

## **Net Proceeds**

Net proceeds of approximately RMB12.78 billion are expected to be raised from the A Share Rights Issue, assuming subscription level of 100%.

## **A Share Rights Issue Prospectus**

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the website of Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and SSE ([www.sse.com.cn](http://www.sse.com.cn)) from Tuesday, July 7, 2020.

The A Share Rights Issue Prospectus in respect of the A Share Rights Issue will be distributed to the HK Northbound Trading Investors. The A Share Rights Issue Prospectus (together with a wrapper containing the disclosures required under the Companies (WUMP) Ordinance) was registered with the Companies Registry on Monday, July 6, 2020.

## **CHANGES OF THE SHAREHOLDING OF THE COMPANY AS A RESULT OF THE RIGHTS ISSUE**

For illustrative purpose only, the following tables set out the Company's shareholding structure as at the date of this announcement and certain possible shareholding structures upon completion of the Rights Issue (which are all subject to change and assuming no change in the issued share capital of the Company between the date of this announcement and the Record Date) on the basis of the Rights Issue being conducted on the basis of three (3) Rights Shares for every ten (10) existing Shares and assuming:

- (1) full subscription for H Rights Shares and A Rights Shares;
- (2) the subscription level for A Rights Shares being 70% (the minimum subscription level of the A Rights Shares required to fulfil the A Share Rights Issue) and full subscription for H Rights Shares;
- (3) the subscription level for A Rights Shares being 80.8% (the increase of China Merchants Group's shareholding percentage in the Company being 1.99% from the 12 months before the completion of the Rights Issue taking into account of the A Shares repurchased by the Company pursuant to the A Share Repurchase Plan) and full subscription for H Rights Shares; and
- (4) the subscription level for A Rights Shares being 78.05% (the increase of China Merchants Group's shareholding percentage in the Company being 1.99% from the 12 months before the completion of the Rights Issue without taking into account of the A Shares repurchased by the Company pursuant to the A Share Repurchase Plan) and full subscription for H Rights Shares.

Table under assumption (1) (for illustrative purpose only):

Name of Shareholder	Class of Shares	Number of Shares as at the date of this announcement	Approximate percentage of the total number of Shares	Number of Shares upon completion of the Rights Issue	Approximate percentage of the total number of Shares
China Merchants Group	A Shares	2,886,027,221	43.08%	3,751,835,387	43.08%
	H Shares	67,706,400	1.01%	88,018,320	1.01%
China COSCO	A Shares	509,426,550	7.60%*	662,254,515	7.60%*
	H Shares	159,844,400	2.39%*	207,797,720	2.39%*
PICC Life Insurance Company Limited	H Shares	333,300,000	4.98%*	433,290,000	4.98%*
Other Public Shareholders	A Shares	2,283,533,598	34.09%*	2,968,593,677	34.09%*
	H Shares	419,550,380	6.26%*	545,415,494	6.26%*
<b>Others</b>					
Employee Stock Ownership Scheme	A Shares	40,020,780	0.60%*	52,027,014	0.60%*
<b>Total</b>	A Shares	5,719,008,149	85.37%	7,434,710,593	85.37%
	H Shares	<u>980,401,180</u>	<u>14.63%</u>	<u>1,274,521,534</u>	<u>14.63%</u>
<b>Total public float</b>		3,745,675,708	55.91%	4,869,378,420	55.91%
<b>Total</b>		<u>6,699,409,329</u>	<u>100.00%</u>	<u>8,709,232,127</u>	<u>100.00%</u>

*Note:* The shareholding marked with \* represents the Shares held by the public.

Table under assumption (2) (for illustrative purpose only):

Name of Shareholder	Class of Shares	Number of Shares as at the date of this announcement	Approximate percentage of the total number of Shares	Number of Shares upon completion of the Rights Issue	Approximate percentage of the total number of Shares
China Merchants Group	A Shares	2,886,027,221	43.08%	3,751,835,387	45.78% <sup>(Note 1)</sup>
	H Shares	67,706,400	1.01%	88,018,320	1.07%
China COSCO	A Shares	509,426,550	7.60%*	662,254,515	8.08% <sup>(Note 2)</sup>
	H Shares	159,844,400	2.39%*	207,797,720	2.54% <sup>(Note 2)</sup>
PICC Life Insurance Company Limited	H Shares	333,300,000	4.98%*	433,290,000	5.29%*
Other Public Shareholders	A Shares	2,283,533,598	34.09%*	2,453,882,944	29.95%*
	H Shares	419,550,380	6.26%*	545,415,494	6.66%*
<b>Others</b>					
Employee Stock Ownership Scheme	A Shares	40,020,780	0.60%*	52,027,014	0.63%*
<b>Total</b>	A Shares	5,719,008,149	85.37%	6,919,999,860	84.45%
	H Shares	980,401,180	14.63%	1,274,521,534	15.55%
<b>Total public float</b>		3,745,675,708	55.91%	3,484,615,452	42.53%
	<b>Total</b>	<u>6,699,409,329</u>	<u>100.00%</u>	<u>8,194,521,394</u>	<u>100.00%</u>

Notes:

1. This scenario is for illustrative purpose only. Given that the A Share Rights Issue will proceed on a best effort basis and the H Share Rights Issue will be fully underwritten, the shareholding percentage of China Merchants Group in the Company may in certain circumstances increase by more than 2%. In that case, the Company will comply with relevant applicable laws and regulations, including but not limited to the Takeovers Code, and obtain all necessary approval and consent, including approval from the Shareholders if required.
2. Given China COSCO holds approximately 9.99% shareholding of the Company as at the date of this announcement, upon completion of the Rights Issue, when China COSCO fully subscribes for its entitlement under the Rights Issue, China COSCO will eventually hold more than 10% shareholding in the Company and will then become a connected person of the Company. In such case, the shareholding held by China COSCO will not be considered as part of the public float.
3. The shareholding marked with \* represents the Shares held by the public.



Table under assumption (3) (for illustrative purpose only)<sup>(Note 1)</sup>:

Name of Shareholder	Class of Shares	Number of Shares as at the date of this announcement	Approximate percentage of the total number of Shares	Number of Shares upon completion of the Rights Issue	Approximate percentage of the total number of Shares
China Merchants Group	A Shares	2,886,027,221	43.08%	3,751,835,387	44.77%
	H Shares	67,706,400	1.01%	88,018,320	1.05%
China COSCO	A Shares	509,426,550	7.60%*	662,254,515	7.90% <sup>(Note 2)</sup>
	H Shares	159,844,400	2.39%*	207,797,720	2.48% <sup>(Note 2)</sup>
PICC Life Insurance Company Limited	H Shares	333,300,000	4.98%*	433,290,000	5.17%*
Other Public Shareholders	A Shares	2,283,533,598	34.09%*	2,639,178,808	31.49%*
	H Shares	419,550,380	6.26%*	545,415,494	6.51%*
<b>Others</b>					
Employee Stock Ownership Scheme	A Shares	40,020,780	0.60%*	52,027,014	0.62%*
<b>Total</b>	A Shares	5,719,008,149	85.37%	7,105,295,724	84.79%
	H Shares	980,401,180	14.63%	1,274,521,534	15.21%
<b>Total public float</b>		3,745,675,708	55.91%	3,669,911,316	43.80%
	<b>Total</b>	<u>6,699,409,329</u>	<u>100.00%</u>	<u>8,379,817,258</u>	<u>100.00%</u>

Notes:

1. This scenario is to illustrate the subscription level for A Rights Shares and the shareholding percentage of the Shareholders in the case that China Merchants Group does not trigger the general offer obligation under the Takeovers Code taking into account of the A Shares repurchased by the Company pursuant to the A Share Repurchase Plan.
2. Given China COSCO holds approximately 9.99% shareholding of the Company as at the date of this announcement, upon completion of the Rights Issue, when China COSCO fully subscribes for its entitlement under the Rights Issue, China COSCO will eventually hold more than 10% shareholding in the Company and will then become a connected person of the Company. In such case, the shareholding held by China COSCO will not be considered as part of the public float.
3. The shareholding marked with \* represents the Shares held by the public.

Table under assumption (4) (for illustrative purpose only)<sup>(Note 1)</sup>:

Name of Shareholder	Class of Shares	Number of Shares as at the Latest Practicable Date	Approximate percentage of the total number of Shares	Number of Shares upon completion of the Rights Issue Plan	Approximate percentage of the total number of Shares
China Merchants Group	A Shares	2,886,027,221	43.08%	3,751,835,387	45.03%
	H Shares	67,706,400	1.01%	88,018,320	1.06%
China COSCO Shipping Corporation Limited	A Shares	509,426,550	7.60%*	662,254,515	7.95% <sup>(Note 2)</sup>
	H Shares	159,844,400	2.39%*	207,797,720	2.49% <sup>(Note 2)</sup>
PICC Life Insurance Company Limited	H Shares	333,300,000	4.98%*	433,290,000	5.20%*
Other Public Shareholders	A Shares	2,283,533,598	34.09%*	2,591,996,991	31.11%*
	H Shares	419,550,380	6.26%*	545,415,494	6.55%*
<b>Others</b>					
Employee Stock Ownership Scheme	A Shares	40,020,780	0.60%*	52,027,014	0.62%*
<b>Total</b>	A Shares	5,719,008,149	85.37%	7,058,113,907	84.70%
	H Shares	980,401,180	14.63%	1,274,521,534	15.30%
<b>Total public float</b>		3,745,675,708	55.91%	3,622,729,499	43.48%
	<b>Total</b>	<u>6,699,409,329</u>	<u>100.00%</u>	<u>8,332,635,441</u>	<u>100.00%</u>

Notes:

1. This scenario is to illustrate the subscription level for A Rights Shares and the shareholding percentage of the Shareholders in the case that China Merchants Group does not trigger the general offer obligation under the Takeovers Code without taking into account of the A Shares repurchased by the Company pursuant to the A Share Repurchase Plan.
2. Given China COSCO holds approximately 9.99% shareholding of the Company as at the date of this announcement, upon completion of the Rights Issue, when China COSCO fully subscribes for its entitlement under the Rights Issue, China COSCO will eventually hold more than 10% shareholding in the Company and will then become a connected person of the Company. In such case, the shareholding held by China COSCO will not be considered as part of the public float.
3. The shareholding marked with \* represents the Shares held by the public.

Given that (i) the A Share Rights Issue will proceed on a best effort basis and the H Share Rights Issue will be fully underwritten; and (ii) the Company's controlling shareholders and its parties acting in concert have undertaken to subscribe for Rights Shares to be issued by the Company, the shareholding percentage of the controlling shareholders of the Company may in certain circumstances increase by more than 2%. In that case, the Company will comply with relevant applicable laws and regulations, including but not limited to the Takeovers Code, and obtain all necessary approval and consent, including approval from the Shareholders if required.

## **FUND RAISING ACTIVITIES INVOLVING ISSUE OF EQUITY SECURITIES IN THE PAST 12 MONTHS**

The Company has not engaged in any equity fund raising activity in the past 12 months from the date of this announcement.

## **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

Reasons for the Rights Issue of the Company are as follows:

1. The securities industry in the PRC enters into a crucial period of strategic opportunities. In view of this, the Company needs to accelerate its fund raising activities and enhance its capital strength to lay a solid foundation for seizing the strategic opportunities of new developments;
2. As the reform of the capital market in the PRC deepens, competition in the securities industry is becoming increasingly fierce. In light of this, the Company needs to further strengthen its capital position, facilitate the development of its business, enhance its market competitiveness comprehensively, and consolidate and increase its status in the industry;
3. In order to achieve the goals of the new five-year strategic planning in 2019-2023 of the Company, the Rights Issue will provide sufficient capital for improving the overall competitiveness of the Company and realizing its strategic objectives. The Company will continuously invest not only in the business development of its investment banking business, wealth management and institutional business, investment trading business, diversified strategic layout and integrated operation as well as cross-border business but also in the construction of middle and back office, so as to make good use of its existing advantages and differentiate its competitive edges constantly;

4. In recent years, the business model of securities companies has switched from channel commission business in the past to one that focuses comprehensively on intermediary service, capital intermediary business and investment transaction business. The income and profit contributed by the capital utilization business and integrated operations increase gradually, and the profit model is diversifying. To establish a more balanced and stable business portfolio and seek for long-term sustainable development, the Company needs to accelerate its business growth and seize strategic opportunities. The issuance will provide adequate capital support for the steady development of its capital intermediary and investment transaction business, the increase of investment in its subsidiaries and the strategic layout of the Company, while promoting long-term sustainable developments; and,
5. As the securities industry is capital-intensive, enhancement of capital strength is indispensable to the business development of securities companies. The revised “Measures for Administration of Risk Control Indexes of Securities Companies\* (《證券公司風險控制指標管理辦法》)” and its supporting rules implemented on October 1, 2016 further improve the management system of risk control indicators of securities companies with a focus on net capital, the status of which directly affects securities companies in terms of acquiring relevant business qualifications and the business scale. In addition, as one of the pilot brokers under consolidated supervision, the Company is required to have higher risk management capabilities. Therefore, it must continue to raise capital and keep enhancing its capital strength to ensure sustainable development.

In view of the above reasons, the proceeds from the Rights Issue will be used for the following purposes after deducting relevant issuance expenses: (1) up to RMB10.5 billion will be used to increase capital in subsidiaries and diversify business of the Company; (2) up to RMB2 billion will be used for the development of capital intermediary business; (3) up to RMB2 billion will be used for the development of capital investment business; and (4) up to RMB0.5 billion will be used as working capital. The Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole, and is an appropriate fund raising method for increasing the capital of the Company, which will, in turn, support the continuous development and business growth of the Company.

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company convened on May 19, 2020 on which, among other things, resolutions in relation to the extension of the validity period of the resolutions in respect of the Rights Issue Plans were considered and approved
“A Rights Shares”	the new A Shares proposed to be allotted and issued to the Qualified A Shareholders pursuant to the A Share Rights Issue
“A Share(s)”	PRC domestic listed share(s) with a par value of RMB1.00 each in the share capital of the Company, listed on the SSE and traded in RMB
“A Shareholder(s)”	holder(s) of the A Shares
“A Share Record Date”	Thursday, July 9, 2020, or such other date determined by the Board or its authorized person(s) by reference to which entitlements to the A Share Rights Issue are to be determined
“A Share Repurchase Plan”	the plan on proposed repurchase of A Shares approved by the Shareholders at the EGM, the 2019 H Shareholders Class Meeting and the 2019 A Shareholders Class Meeting
“A Share Rights Issue”	the proposed issue of 1,715,702,444 A Rights Shares at the Subscription Price on the basis of three (3) A Rights Shares for every ten (10) existing A Shares held on the A Share Record Date

“A Share Rights Issue Prospectus”	the prospectus, which is in Chinese, containing the details of the A Share Rights Issue which has been published by the Company on the website of the SSE (www.sse.com.cn), the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cmschina.com) on Tuesday, July 7, 2020
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Beneficial H Shareholder(s)”	any beneficial owner(s) of H Shares whose H Shares are registered in the name of a registered H Shareholders as shown in the H Shareholders’ Register
“Board”	the board of directors of the Company
“Business Day”	any day other than Saturday, Sunday or a public holiday on which commercial banks and financial institutions in Hong Kong are open for normal business to the public
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Clear”	China Securities Depository and Clearing Corporation Limited
“China Merchants Group”	China Merchants Group Limited (招商局集團有限公司), a state-owned enterprise established in the PRC in October 1986, which is directly administered by the SASAC and is a controlling shareholder of the Company
“CMSHK”	China Merchants Securities (HK) Co., Limited (招商證券(香港)有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company as at the date of this announcement

“Company”	China Merchants Securities Co., Ltd. (招商證券股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the SSE (stock code: 600999) and on the main board of the Stock Exchange (stock code: 6099), respectively
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Notice”	the notice of the CSRC of Filing Requirements for Hong Kong Listed Issuers Making Rights Issue to Mainland Shareholders through Mainland-Hong Kong Stock Connect (CSRC Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Company
“EGM”	the 2019 first extraordinary general meeting of the Shareholders convened on May 20, 2019 on which, among other things, the proposed Rights Issue Plans were considered and approved
“Employee Stock Ownership Scheme”	the employee stock ownership scheme of the Company approved by the Shareholders at the 2020 first extraordinary general meeting of the Company held on January 15, 2020



“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“Excluded H Shareholder(s)”	Overseas Shareholder(s) whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient to exclude any such Overseas Shareholder(s) from participating in the H Share Rights Issue on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“H Rights Shares”	the new H Shares proposed to be allotted and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue
“H Share(s)”	overseas listed share(s) with a par value of RMB1.00 each in the share capital of the Company, listed on the Stock Exchange and traded in Hong Kong dollars
“H Share Record Date”	Monday, July 27, 2020, or such other date to be determined by the Board or its authorized person(s) by reference to which entitlements to the H Share Rights Issue are to be determined
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share Rights Issue”	the proposed issue of 294,120,354 H Rights Shares at the Subscription Price on the basis of three (3) H Rights Shares for every ten (10) existing H Shares held on the H Share Record Date
“H Share Rights Issue Prospectus”	the prospectus in relation to the H Share Rights Issue to be issued by the Company and despatched to the H Shareholders, which contains further details of the H Share Rights Issue

“H Shareholder(s)”	holder(s) of the H Shares
“H Shareholders’ Register”	the register of the H Shareholders of the Company
“HK Northbound Trading Investors”	the Hong Kong investors who hold the shares of PRC listed companies through HKSCC as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“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
“Joint Global Coordinators”	CMSHK and CLSA Limited
“Last Acceptance Date”	Tuesday, August 11, 2020 or such later date as the Company and the CMSHK may agree in writing
“Latest Time for Termination”	5:00 p.m. on Wednesday, August 12, 2020
“Nil-paid H Rights”	the rights to subscribe for H Rights Shares (in the form of H Rights Shares in nil-paid form) before the Subscription Price is paid
“Overseas Shareholder(s)”	(i) H Shareholder(s) whose name(s) appear(s) on the H Shareholders’ Register on the H Share Record Date and whose registered address(es) is/are outside Hong Kong; and (ii) Beneficial H Shareholder(s) whose address(es) is/are outside Hong Kong

“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Southbound Trading Investors”	PRC investors including enterprises and individuals who hold the shares of Hong Kong listed companies through China Clear as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Price Determination Date”	July 3, 2020, the date on which the Subscription Price was fixed for the purpose of the Rights Issue
“Prospectus Documents”	The H Share Rights Issue Prospectus, the Provisional Allotment Letter and the Excess Application Form
“Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares
“Qualified A Shareholder(s)”	the A Shareholder(s) whose name(s) appear(s) on the register of the Company at the Shanghai branch of China Clear after the close of trading on the A Share Record Date
“Qualified H Shareholder(s)”	the H Shareholder(s) whose name(s) appear(s) on the H Shareholders’ Register on the H Share Record Date and who are not Excluded H Shareholders
“Record Date”	the A Share Record Date and/or the H Share Record Date
“Rights Issue”	the A Share Rights Issue and/or the H Share Rights Issue
“Rights Issue Plan(s)”	the H Share rights issue plan and/or A Share rights issue plan of the Company passed at the EGM, the 2019 H Shareholders Class Meeting and the 2019 A Shareholders Class Meeting and the validity of which was extended at the AGM, the 2020 H Shareholders Class Meeting and the 2020 A Shareholders Class Meeting

“Rights Share(s)”	the A Rights Share(s) and/or the H Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Stock Exchange, the SSE, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Shareholders”	holder(s) of the Shares
“Share(s)”	the A Share(s) and/or the H Share(s)
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules

“Subscription Price(s)”	the subscription price of HK\$8.185 per H Rights Share and/or the subscription price of RMB7.46 per A Rights Share (as the case may be)
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Underwriters”	CMSHK and CLSA Limited
“Underwriting Agreement”	the underwriting agreement dated July 6, 2020 entered into between the Company and the Underwriters in relation to the H Share Rights Issue
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“2019 A Shareholders Class Meeting”	the 2019 first class meeting of the A Shareholders convened on May 20, 2019 on which, among other things, the proposed Rights Issue Plans were considered and approved
“2019 H Shareholders Class Meeting”	the 2019 first class meeting of the H Shareholders convened on May 20, 2019 on which, among other things, the proposed Rights Issue Plans were considered and approved
“2020 A Shareholders Class Meeting”	the 2020 first class meeting of the A Shareholders convened on May 19, 2020 on which, among other things, the resolutions in relation to the extension of the validity period of the resolutions in respect of the Rights Issue Plans were considered and approved

“2020 H Shareholders  
Class Meeting”

the 2020 first class meeting of the H Shareholders convened on May 19, 2020 on which, among other things, the resolutions in relation to the extension of the validity period of the resolutions in respect of the Rights Issue Plans were considered and approved

“%”

per cent.

*Unless otherwise specified in this announcement, translations of RMB to HK\$ are made in this announcement for illustration only, at the rate of RMB1 to HK\$1.0972. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.*

By Order of the Board  
**China Merchants Securities Co., Ltd.**  
**HUO Da**  
*Chairman*

Shenzhen, the PRC  
July 6, 2020

*As at the date of this announcement, the executive Directors are Mr. HUO Da and Mr. XIONG Jiantao; the non-executive Directors are Ms. SU Min, Mr. SU Jian, Mr. XIONG Xianliang, Ms. PENG Lei, Mr. GAO Hong, Mr. HUANG Jian, Mr. WANG Daxiong and Mr. WANG Wen; and the independent non-executive Directors are Mr. XIANG Hua, Mr. XIAO Houfa, Mr. XIONG Wei, Mr. HU Honggao and Mr. WONG Ti.*

\* For identification purpose only