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

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

CONNECTED TRANSACTION

FORMATION OF PARTNERSHIP

FORMATION OF PARTNERSHIP

The Board is pleased to announce that on 28 October 2022, it has approved Haitong Securities FOF Single Asset Management Plan to enter into the Partnership Agreement with Guosheng Group, Guosheng Capital, Shanghai State-owned Capital Operation Research Institute, Ningbo Shengying and other independent third parties to jointly set up the Partnership. The Partnership will be established in the form of limited partnership. Pursuant to the Partnership Agreement, each of Guosheng Capital (as a general partner), Ningbo Shengying (as a general partner), Haitong Securities FOF Single Asset Management Plan (as a limited partner), Guosheng Group (as a limited partner), Shanghai State-owned Capital Operation Research Institute (as a limited partner) and other independent third parties (as limited partners) shall make capital commitments of RMB1,000,000, RMB1,000,000, RMB1,000,000,000, RMB960,000,000, RMB28,000,000 and RMB1,010,000,000 respectively.

The Partnership will primarily invest in equity investment, equity investment management, investment management, asset management (projects that need to be approved according to law can only be operated after being approved by relevant departments). The Partnership will not be accounted for as a subsidiary of the Company and its financial results will not be consolidated into the Company. Pursuant to the Partnership Agreement, Guosheng Capital, serving as the Fund Manager, shall be responsible for the independent execution, control and operation of affairs of the Partnership in accordance with the duties and authorities specified in the Partnership Agreement, and the Partnership shall pay the fund management fee to Guosheng Capital.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Guosheng Group is a substantial shareholder of the Company, directly or indirectly holding approximately 10.38% of the entire issued share capital of the Company. Guosheng Capital is held by Guosheng Group as to approximately 30% of the equity interest and Shanghai State-owned Capital Operation Research Institute is held by Guosheng Group as to approximately 37% of the equity interest. Therefore, Guosheng Capital and Shanghai State-owned Capital Operation Research Institute are associates of Guosheng Group and all of them are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of this transaction is more than 0.1% but less than 5%, this transaction is subject to the reporting and announcement requirements, but exempted from the requirements of circular (including independent financial advice) and independent shareholders' approval under Chapter 14A of the Listing Rules.

I. BACKGROUND

The Board is pleased to announce that on 28 October 2022, Haitong Securities FOF Single Asset Management Plan entered into the Partnership Agreement with Guosheng Group, Guosheng Capital, Shanghai State-owned Capital Operation Research Institute, Ningbo Shengying and other independent third parties to jointly set up the Partnership.

II. PRINCIPAL TERMS OF THE PARTNERSHIP AGREEMENT

The principal terms of the Partnership Agreement are summarised as follows:

Date	28 October 2022
Parties	<ul style="list-style-type: none">• Guosheng Capital (an associate of a substantial shareholder of the Company, as a general partner);• Ningbo Shengying (an independent third party, as a general partner);• Haitong Securities FOF Single Asset Management Plan (in which the Company acts as a sole trustor, as a limited partner);• Guosheng Group (a substantial shareholder of the Company, as a limited partner);

- Shanghai State-owned Capital Operation Research Institute (an associate of a substantial shareholder of the Company, as a limited partner); and
- Other limited partners (all being independent third parties, for details of other limited partners, please refer to section IV of this announcement)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Guosheng Group, Guosheng Capital and Shanghai State-owned Capital Operation Research Institute, all other limited partners and Ningbo Shengying are independent third parties and each of their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Proposed name of the Partnership

Shanghai Guosheng Haitong Private Enterprise High-quality Development Private Investment Fund Partnership (Limited Partnership) (上海國盛海通民企高質量發展私募投資基金合夥企業(有限合夥))

Term of the Partnership

The term of the Partnership is 15 years (based on the duration of the actual investment activities agreed in the Partnership Agreement). In particular, the investment period shall be from the date of completion of registration filing of the Partnership to the third anniversary, and the exit period shall be from the day after the expiration of the investment period to the third anniversary. All Partners agree that the Executive Partner has the right to extend the investment period at its own discretion according to the specific circumstances of the Partnership for no more than 1 year and up to two times.

Purpose and business scope of the Partnership

The purpose of the Partnership is to establish a scientific and normative investment decision-making, operation management, and risk control mechanism taking market-oriented and legalized operations as its main principles. Through investing in high-quality enterprises such as listed companies in line with the optimization and upgrading of economic structure and with prospects, markets and technological advantages by way of equity, the Partnership helps high-quality enterprises such as listed companies with short-term liquidity difficulties tide over the period of difficulties, supports the healthy and stable development of the private real economy, and at the same time realizes the preservation, appreciation and continuous operation of the Fund. Its business scope includes equity investment, equity investment management, investment management, asset management (projects that need to be approved according to law can only be operated after being approved by relevant departments).

Capital contribution

The total capital contributed by all Partners to the Partnership pursuant to the Partnership Agreement shall be RMB3,000,000,000, which is expected to be the registered capital of the Partnership. The capital contribution to be made by the Partners is as follows:

Partner	Type	Capital contribution (RMB)	Percentage
Guosheng Capital	General Partner	1,000,000	0.03%
Ningbo Shengying	General Partner	1,000,000	0.03%
Guosheng Group	Limited Partner	960,000,000	32.00%
Haitong Securities FOF Single Asset Management Plan	Limited Partner	1,000,000,000	33.33%
Shanghai State-owned Capital Operation Research Institute	Limited Partner	28,000,000	0.93%
Other independent third parties	Limited Partner	1,010,000,000	33.68%
Total		3,000,000,000	100.00%

The respective capital contribution to the Partnership was determined after arm's length negotiation among the Partners with reference to the capital needs of the Partnership and the Partners' proportionate interests therein. All capital contribution shall be paid by cash in Renminbi. The first payment of RMB1,000,000 by the limited partners shall be made upon the completion of industrial and commercial establishment registration of the Partnership in accordance with the payment notice issued by the Executive Partner in respect of the first payment of the capital contribution. For the subsequent payment, the date and amount of the capital contribution shall be determined by the Executive Partner based on the actual necessity of the investment plan with the issuance of a corresponding payment notice by the Fund Manager. The capital contribution to be made by the Company through Haitong Securities FOF Single Asset Management Plan will be funded by the Company's internal resources.

Management of the Partnership	The Executive Partner is Guosheng Capital, which shall independently execute, control and operate the affairs of the Partnership as stipulated in the Partnership Agreement, and accept the supervision of the non-Executive Partners.
Management fee	During the investment period (including the extended investment period) the management fee payable by the Partnership to the Fund Manager on a daily basis (the “ daily management fee for the current period ”) = base for the calculation of the management fee for the current period × the management fee rate ÷ 360; the management fee paid by the Partnership to the Fund Manager for each charging period (the “ management fee for the current period ”) = the daily management fee for the current period × the actual number of days in the charging period. The management fee rate charged during the investment period (including the extended investment period) of the Partnership is 1% per year, and the management fee rate charged during the exit period is 1% per year. No management fee shall be charged for the extended exit period extended by the resolution at the Partners’ meeting and liquidation period.
Investment decision-making procedures	The Fund has established an investment decision-making committee consisting of 5 members, of which 1 was nominated by the general partner, Guosheng Capital; 2 by the limited partner, Haitong Securities FOF Single Asset Management Plan, and 2 by the limited partner, Guosheng Group. The above nominated members will take office after being appointed by the Executive Partner of the Partnership. The matters considered by the investment decision-making committee shall be resolved by the approval of four-fifths or more members. The investment decision-making committee has the following main duties: (i) to provide advice on the development direction of the investment strategy of the Fund; (ii) to review the investment in the investment project; (iii) to dispose of the investment objects; and (iv) matters specified in the agreement or otherwise considered by the investment decision-making committee.
Profit distribution and loss sharing	<p>After the investment project is withdrawn and the distributable cash is obtained, in principle, the Partnership shall distribute the distributable cash to all Partners in accordance with the following principles and order within 30 working days from the day after obtaining the distributable cash of the investment project:</p> <p>(1) First round of distribution: Distribution shall be made to all Partners in proportion to their paid-in capital contribution in the Partnership, until all Partners obtain the total paid-in capital contribution.</p>

- (2) Second round of distribution: If there is a remainder, it shall be distributed to all Partners in proportion to their paid-in capital contribution in the Partnership, until the amount received by all Partners reaches a yield (the “**threshold yield**”) of 7% annualized simple interest (inclusive, the “**threshold yield rate**”) based on the amount of their paid-in capital contribution. The threshold yield rate for each Partner shall be calculated from the actual date of receipt of each instalment of the capital contribution paid by the Partner until the date when the paid-in capital contribution is distributed to the Partner in accordance with the aforesaid item (1).
- (3) Third round of distribution: After the second round of distribution, if there is a remainder, it will be distributed to the general partners until the amount obtained by the general partners in this third round of distribution = the aggregate amount obtained by all Partners in the second round of distribution × 25%;
- (4) Fourth round of distribution: After the aforementioned distribution, if there is a remainder, 80% of the remainder will be distributed to the limited partners, and the remaining 20% will be distributed to the general partners as performance compensation.

The loss of any investment project of the Partnership and the sharing of other losses shall be borne by all Partners in proportion to their paid-in capital contribution at that time. The limited partners shall be liable for the debts of the limited partnership to the extent of their committed capital contribution, and the general partners shall bear unlimited joint and several liability for the debts of the limited partnership.

III. REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE PARTNERSHIP

The purpose of the Partnership is to establish a scientific and normative investment decision-making, operation management, and risk control mechanism. Through investing in high-quality enterprises such as listed companies in line with the optimization and upgrading of economic structure and with prospects, markets and technological advantages by way of equity, the Partnership helps high-quality enterprises such as listed companies with short-term liquidity difficulties tide over the period of difficulties, supports the healthy and stable development of the private real economy, and at the same time realizes the preservation, appreciation and continuous operation of the Fund. The investment in the Fund is in line with the future strategic development of the Company, which enables the Company to explore high-quality investment targets in the capital market and create new growth points of profit.

The Directors of the Company (including independent non-executive Directors) are of the view that the connected transaction is entered into in the ordinary and usual course of the business of the Group and is conducted on normal commercial terms, and the terms and the amounts are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Mr. TU Xuanxuan, a non-executive Director of the Company, holds a position in Guosheng Group. Therefore, for the purpose of good corporate governance, he has abstained from voting on the Board resolution approving the connected transaction. Save as disclosed above, none of the Directors has abstained from voting on the relevant Board resolution.

IV. INFORMATION ON THE COMPANY, THE PARTNERSHIP AND THE PARTNERS

The Company is a joint stock limited company established in the PRC, mainly engaging in wealth management, investment banking, assets management, trading for institutions and finance leasing business.

The Partnership is a limited partnership established under the laws of the PRC. The purpose of the Partnership is to establish a scientific and normative investment decision-making, operation management, and risk control mechanism. Through investing in high-quality enterprises such as listed companies in line with the optimization and upgrading of economic structure and with prospects, markets and technological advantages by way of equity, the Partnership helps high-quality enterprises such as listed companies with short-term liquidity difficulties tide over the period of difficulties, supports the healthy and stable development of the private real economy, and at the same time realizes the preservation, appreciation and continuous operation of the Fund. No relevant financial information and past performance of the newly-established Partnership are able to be disclosed in this announcement.

Haitong Securities FOF Single Asset Management Plan is a single asset management plan in which the Company invested and acts as a sole trustor and Haitong Securities Asset Management, a wholly-owned subsidiary of the Company, acts as the manager. The business registration of Haitong Securities FOF Single Asset Management Plan as a partnership was under the name of its manager, Haitong Securities Asset Management.

Guosheng Group is a company established in the PRC with limited liability and is principally engaged in the investment, assets operation and assets management, industrial research and socio-economic consultation (projects that need to be approved according to law can only be operated after being approved by relevant departments). As at the date of this announcement, Guosheng Group is wholly owned by Shanghai State-owned Assets Supervision and Administration Commission.

Guosheng Capital is a company established in the PRC with other limited liability, and it is principally engaged in equity investment management, equity investment and asset management. As at the date of this announcement, the largest shareholder of Guosheng Capital is Guosheng Group, which holds 30% of the shares of Guosheng Capital, and the other shareholders hold the remaining shares of Guosheng Capital (none of them hold more than 30% of the shares of Guosheng Capital).

Shanghai State-owned Capital Operation Research Institute is a company established in the PRC with limited liability, and it is principally engaged in research on state-owned capital operation, corporate management and consulting services, corporate marketing planning, market information consulting and survey (except for social survey, social research, public opinion survey, and public opinion poll), business information consulting services, conference services, exhibition and display services, design, production, agency and publication of various advertisements, publishing operation, etiquette-related services, public relations consulting, and property broker. As at the date of this announcement, Guosheng Group holds approximately 37% of its shares and the other shareholders hold the remaining shares (none of them hold more than one third of the interests in Shanghai State-owned Capital Operation Research Institute).

Ningbo Shengying is a limited partnership established in the PRC, and it is principally engaged in corporate management. As at the date of this announcement, Mr. Zhou Daohong, being its executive partner, holds 14% of the shares of Ningbo Shengying and the other shareholders hold the remaining shares of Ningbo Shengying (none of them hold more than 14% of the shares of Shanghai Guosheng Capital Management Co., Ltd.).

Details of other independent limited partners are set out as follows:

Shanghai Yiliu Industry Corporation is a collectively-owned enterprise established in the PRC, and it is principally engaged in liquefied petroleum gas products, gas appliances and equipment, metal materials and products, chemical raw materials (excluding dangerous goods), wood and wood products, and rubber and plastic raw materials and products; building materials, home appliances, food and beverage gas storage equipment, pipeline machinery, daily necessities, agricultural and sideline products, electromechanical devices, auto parts and motorcycle parts, and daily hardware; textile raw materials and products, crafts, toys, business management consulting, and business information consulting. As at the date of this announcement, as a collectively-owned enterprise, it is collectively owned by all employees.

Shanghai Kangfeng Investment Management Co., Ltd. is a company established in the PRC with limited liability, and it is principally engaged in industrial investment, asset management, investment information consulting, and business information consulting; wholesaling and retailing of electromechanical equipment, decorative materials, hardware, home appliances, metal materials, electronic products, instruments and meters, daily necessities, computers and accessories; and manufacturing, processing (operated by branches only), installation and maintenance of electromechanical equipment. As at the date of this announcement, its ultimate beneficial owner is Lu Renjun.

Shanghai Yuanyanghong Industrial Partnership (Limited Partnership) is a limited partnership established in the PRC, and it is principally engaged in the sales of building materials, electromechanical equipment, communication equipment, stationery and office supplies, knitted fabrics and raw materials, and daily necessities; cultural and artistic exchanges and planning, marketing planning, non-residential real estate leasing, technical development, technical services, technical transfer and technical consulting in the field of computer technology, conference services, and business information consulting (excluding investment consulting). As at the date of this announcement, its executive partner is Zhou Wanyuan, who holds 99% of the shares of the partnership, and the remaining 1% of the shares are held by Gu Bin.

Zhuji Huahui Changsheng Enterprise Management Partnership (Limited Partnership) is a limited partnership established in the PRC, and it is principally engaged in corporate management; information consulting services (excluding licensed information consulting services). As at the date of this announcement, its ultimate beneficial owner is Bian Huifang, who holds 47% equity interests in the partnership. Zhang Weichu, Bei Bangjin, Tang Junming and Li Xianhua hold 30%, 10%, 10% and 3% equity interests in the partnership, respectively.

Shanghai Jiliang Venture Capital Co., Ltd. is a company established in the PRC with limited liability, and it is principally engaged in venture capital, investment management, investment, industrial investment, asset management (except for items subject to the national special approval such as finance and securities), investment consulting and investment management consulting (excluding brokerage). As at the date of this announcement, its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Jinshan District, Shanghai.

Shanghai BST Electronic Components Co., Ltd. is a company established in the PRC with limited liability, and it is principally engaged in the following general items: design and sales of electronic products, hardware and electrical appliances, plastic parts and accessories, housing leasing, and non-residential real estate leasing. As at the date of this announcement, its ultimate beneficial owner is Zhao Yeqing.

V. LISTING RULES IMPLICATIONS

As at the date of this announcement, Guosheng Group is a substantial shareholder of the Company, directly or indirectly holding approximately 10.38% of the entire issued share capital of the Company. Guosheng Capital is held by Guosheng Group as to approximately 30% of the equity interest and Shanghai State-owned Capital Operation Research Institute is held by Guosheng Group as to 37% of the equity interest. Therefore, Guosheng Capital and Shanghai State-owned Capital Operation Research Institute are associates of Guosheng Group and all of them are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of this transaction is more than 0.1% but less than 5%, this transaction is subject to the reporting and announcement requirements, but exempted from the requirements of circular (including independent financial advice) and independent shareholders' approval under Chapter 14A of the Listing Rules.

VI. DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Haitong Securities Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H Shares and the A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange under the stock code of 6837 and the stock code of 600837, respectively

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fund Manager” or “Executive Partner”	Guosheng Capital
“Group”	the Company and its subsidiaries
“Guosheng Capital”	Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司)
“Guosheng Group”	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司)
“Haitong Securities FOF Single Asset Management Plan”	Haitong Securities Asset Management No. 1 FOF Single Asset Management Plan of the Series Supporting Private Enterprises on behalf of the Securities Industry (證券行業支持民企發展系列之海通證券資管1號FOF單一資產管理計劃)
“Haitong Securities Asset Management”	Shanghai Haitong Securities Asset Management Co., Ltd. (上海海通證券資產管理有限公司)
“independent third party(ies)”	individuals or companies, that as far as the Directors are aware after having made all reasonable enquiries, are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Partner(s)”	the partners to the Partnership, including the general partners and the limited partners
“Partnership”	Shanghai Guosheng Haitong Private Enterprise High-quality Development Private Investment Fund Partnership (Limited Partnership) (上海國盛海通民企高質量發展私募投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Partnership Agreement”	the partnership agreement entered into among all Partners in relation to the formation of the Partnership on 28 October 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

“Shanghai State-owned Capital Operation Research Institute”	Shanghai State-owned Capital Operation Research Institute Co., Ltd. (上海國有資本運營研究院有限公司)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

By order of the Board
Haitong Securities Co., Ltd.
ZHOU Jie
Chairman

Shanghai, the PRC

28 October 2022

As at the date of this announcement, the executive directors of the Company are Mr. ZHOU Jie, Mr. LI Jun and Mr. REN Peng; the non-executive directors of the Company are Mr. TU Xuanxuan, Mr. ZHOU Donghui, Ms. YU Liping and Mr. XU Jianguo; and the independent non-executive directors of the Company are Mr. ZHANG Ming, Mr. LAM Lee G., Mr. ZHU Hongchao and Mr. ZHOU Yu.

* *For identification purpose only*