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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 21 June 2023, Haitong Capital (a wholly-owned subsidiary of the Company) has been approved to enter into the Partnership Agreement with Guosheng Group, 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 Haitong Capital (as a general partner), Guosheng Group (as a limited partner), and other independent third parties (as limited partners) shall make capital commitments of RMB1,300 million, RMB800 million and RMB1,900 million respectively.

The Partnership will primarily invest in the strategic emerging industries led by Pudong New Area, including integrated circuits, biopharmaceuticals, artificial intelligence, advanced manufacturing, fintech, and other sectors. 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, Haitong Capital serves as the Fund Manager, providing investment management and other services to the Partnership, and the Partnership shall pay the fund management fee to Haitong 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. Therefore, Guosheng Group and its associates are connected persons of the Company under the 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.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. References are made to the announcement dated 28 October 2022 and the supplemental announcement dated 23 November 2022, Haitong Securities FOF Single Asset Management Plan (in which the Company acts as a sole trustor) entered into a partnership agreement with Guosheng Group, Shanghai Guosheng Capital Management Co., Ltd. (a wholly-owned subsidiary of Guosheng Group) and other independent third parties jointly setting up a partnership (the “**Previous Transaction**”). Therefore, the Previous Transaction and the transaction under the Partnership Agreement shall be aggregated. As the highest applicable percentage ratio on an aggregated basis is more than 0.1% but less than 5%, the Previous Transaction and the transaction under the Partnership Agreement are 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 21 June 2023, Haitong Capital (a wholly-owned subsidiary of the Company) has been approved to enter into the Partnership Agreement with Guosheng Group, 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	21 June 2023
Parties	<ul style="list-style-type: none"> Haitong Capital (a wholly-owned subsidiary of the Company, as a general partner); Guosheng Group (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) <p>To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save as Guosheng Group, all other limited partners are all independent third parties and each of their ultimate beneficial owners are third parties independent of the Company and its connected persons.</p>
Proposed name of the Partnership	Shanghai Haitong Leading Area Industry Guiding Fund of Funds Partnership (Limited Partnership) (上海海通引領區產業引導母基金合夥企業(有限合夥)) (tentative name, subject to the approval by the industry and commerce registration authority).

Term of the Partnership The term of the Partnership is fifteen years commencing from the date of its establishment. Before expiration, the term of the Partnership can be extended as appropriate based on the operation of the fund.

Capital Contribution The total capital to be contributed by all Partners to the Partnership pursuant to the Partnership Agreement shall be RMB4,000 million.

The capital contribution to be made by the Partners is as follows:

Partner	Type	Capital Contribution (RMB in million)	Percentage
Haitong Capital Shanghai Pudong Leading Area Investment Center (Limited Partnership)	General Partner	1,300.00	32.50%
Guosheng Group	Limited Partner	1,000.00	25.00%
China Pacific Insurance (Group) Co., Ltd.	Limited Partner	800.00	20.00%
Chongqing Yufu Capital Operation Group Company Limited	Limited Partner	300.00	7.50%
Shanghai International Trust Co., Ltd.	Limited Partner	300.00	7.50%
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd.	Limited Partner	100.00	2.50%
Yitai Equity Investment Management Co., Ltd.	Limited Partner	100.00	2.50%
Total		4,000.00	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. In principle, all Partners shall make their capital contribution in four installments according to the proportion of 25% during the investment period, and the total paid-in capital contribution of the first installment shall be RMB1 billion. All capital contribution shall be paid by cash in Renminbi, each Partner shall make their paid-in capital contribution according to the requirements specified in the capital contribution payment notice to be issued by the Executive Partner. Haitong Capital will pay its capital contribution with its own funds.

Execution of Affairs of the Partnership	Haitong Capital is the General Partner and the Executive Partner of the Partnership, acting on behalf of the Partnership externally, and acts as the Fund Manager of the Partnership.
Investment Decision-making Procedures	In order to improve the professionalism and operational quality of investment decision-making, the Partnership will set up an investment decision-making committee, being the highest investment decision-making body of the Partnership. The investment decision-making committee shall be comprised of five (5) members, which shall include one (1) member nominated by Shanghai Pudong Leading Area Investment Center (Limited Partnership) (上海浦東引領區投資中心(有限合夥)) and Guosheng Group respectively and three (3) members nominated by the Fund Manager. The members of the aforementioned investment decision-making committee shall be appointed by the Fund Manager. The members of the investment decision-making committee are responsible for making decisions on the investment, disposal and exit of the projects of the Partnership. During the investment management period of the Partnership, the members of the investment decision-making committee to be changed shall be re-appointed by the Fund Manager after being proposed by the nominating party. A meeting of the investment decision-making committee shall be valid only if more than two-thirds (2/3) (exclusive) of the members attend the meeting, at which the investment decision-making committee may vote on the investment projects or other matters within its authority. The matters discussed by the investment decision-making committee shall be approved by more than two-thirds (2/3) (exclusive) of all members.
Management Fee	During the period for calculating the management fee, the amount of management fee to be shared by each Partner during each fee period = the calculation base of management fee to be shared by each Partner during the fee period \times 1% per year \times the actual number of days during the fee period \div 365.

During the investment period of the fund, the management fee rate charged is 1% per year, the management fee to be shared by each Partner in each fee period is calculated on the basis of the sum of the Partner's paid-in capital contributions to the Partnership (irrespective of whether there is any default) as stated in the capital contribution payment notice of each installment that the Executive Partner has sent to him and the deadline for payment has expired. During the exit period of the fund, the management fee rate charged is 1% per year, and the management fee to be shared by each Partner is calculated based on the sum of the paid-in capital contribution of the limited partner less the respective amount attributable to the limited partner in the investment cost of the exited project accumulated before the beginning date of the current fee period. No management fee shall be charged for the extension period approved by a resolution of the Partners' meeting and liquidation period.

Profit Distribution
and Loss Sharing

Cash distribution: The distributable cash income of the Partnership derived from any investment project shall be preliminarily distributed among the Partners according to the proportion of investment cost apportionment; the unused capital contribution shall be preliminarily distributed to the corresponding Partners according to the actual unused amount of the actual unused paid-in capital contribution of each Partner at that time; the liquidated damages for capital contribution used for distribution shall be preliminarily distributed among the non-defaulting Partners in proportion to their paid-in capital contribution; other distributable cash income such as liquid investment income, other liquidated damages/compensation shall first be preliminarily distributed among the Partners based on the source of funds from which such income is generated (if indistinguishable, it shall be preliminarily distributed among the Partners in proportion to their then paid-in capital contribution to the Partnership). The portion distributed to each Partner (including the General Partner) in accordance with the foregoing agreement shall be distributed to such Partner in the following order:

- (1) Firstly, one hundred percent (100%) shall be distributed to such Partner, until the aggregate amount of such distribution to such Partner pursuant to the Partnership Agreement reaches its paid-in capital contribution to the Partnership;

- (2) Secondly, if there is any balance, one hundred percent (100%) shall be distributed to such Partner until the accumulated amount of such distribution to such Partner pursuant to the Partnership Agreement is equal to the income calculated by the simple interest of eight percent (8%) per annum for the paid-in capital contribution amount of such Partner from the closing date of the capital contribution specified in each capital contribution payment notice or the date of the actual paid-in capital contribution (whichever is later) to the date when the paid-in capital contribution by such Partner is fully refunded; and
- (3) Finally, if there is any balance, ten percent (10%) of such balance shall be distributed to the General Partner and ninety percent (90%) shall be distributed to such Partner.

Non-cash distribution: Prior to the liquidation of the Partnership, the Executive Partner shall use commercially reasonable efforts to realise the Partnership's investment to avoid non-cash distribution; if in the judgment of the Executive Partner, a non-cash distribution is considered to be more in the interests of all Partners, the Partnership may distribute in a non-cash manner upon consideration and approval by the Partners' meeting. In the case of non-cash distribution by the Partnership, the Executive Partner shall be responsible for assisting each Partner in completing the registration procedures for the transfer of the assets distributed (relevant expenses shall be borne by each Partner), and assisting each Partner in fulfilling the information disclosure obligations in relation to the transfer of such assets in accordance with relevant laws and regulations.

Loss sharing: A limited Partner shall be liable for the debts of the Partnership to the extent of its subscribed capital contribution, and the General Partner shall bear unlimited joint and several liabilities for the debts of the Partnership.

Partners' Meeting

The Partners' meeting shall be convened and presided over by the Executive Partner. The Partners' meeting shall include regular meeting and interim meeting.

The resolution on the removal or replacement of the Executive Partner, the replacement of the Fund Manager or the commencement of liquidation procedures of the Partnership shall only be made upon unanimous approval by the limited Partners who hold two thirds (2/3) or more of the total paid-in capital contribution other than the Executive Partner and the related parties of Haitong Entity; the resolution on the application of the measures for disposal of breach of contract to the General Partner and the exemption of liability for breach of contract as agreed in the Partnership Agreement and the exemption of liability for breach of contract to related parties of Haitong Entity subscribing to the Partnership as agreed in the Partnership Agreement shall only be made upon unanimous approval by all other limited Partners other than the Executive Partner and the related parties of Haitong Entity; the resolution on matters under certain article of the Partnership Agreement other than the above shall only be made upon unanimous approval by all Partners, unless otherwise stipulated by applicable laws or otherwise agreed in the Partnership Agreement.

Dispute Resolution	All disputes arising out of or in connection with the Partnership Agreement shall first be settled through friendly negotiation between the parties concerned. If the parties concerned cannot settle the dispute through negotiation, they shall submit it to the Shanghai International Economic and Trade Arbitration Commission for arbitration in Shanghai in accordance with its then effective arbitration rules. The arbitral award shall be final and conclusive and binding on the parties concerned. In the course of arbitration, the Partnership Agreement shall continue to be performed, except for the disputes that are being submitted to arbitration by the relevant parties.
Effectiveness of the Agreement	The Partnership Agreement shall become effective upon signing by all Partners. Upon the establishment of the Partnership, the Partnership Agreement shall become effective for such limited Partner upon being executed by any limited Partner.

The contents of the agreement shall be subject to the duly signed Partnership Agreement.

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

The Partnership will be jointly promoted and set up by the Company, Shanghai Pudong New District Government and Guosheng Group. The Partnership mainly invests in the strategic emerging industries led by Pudong New Area, including integrated circuits, biopharmaceuticals, artificial intelligence, advanced manufacturing, fintech, and other sectors. On the one hand, the Partnership will facilitate the Company's implementation of the important mission of the finance sector supporting technological innovation and the development of real economy, and actively serve the strategy of Pudong New Area as a leading area. On the other hand, the Partnership shall serve as a powerful tool for the Company to serve the corporate and institutional customer system, which can not only improve the financial return to investors, but also promote the synergy of various business lines of the Company and drive the development of various businesses of the Company in all respects, which is more conducive to improving the Company's profit and boosting the long-term core competitiveness of the Company.

The Directors (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, holds a position in Guosheng Group, Mr. ZHOU Donghui, a non-executive Director, is a director of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司), which is a related party of the Company. Therefore, for the purpose of good corporate governance, they have abstained from voting on the Board resolution approving the connected transaction. Save as disclosed above, none of the Directors abstain 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 engaged 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 engage in equity investment and other businesses permitted by the China Securities Regulatory Commission (projects subject to approval as required by laws shall be conducted upon approvals by relevant authorities). There is no relevant financial information and previous performance of the new Partnership available for disclosure in this announcement.

Haitong Capital is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in using its own funds or establishing direct investment funds to make equity investments and debt investments in relation to equity in enterprises or investing in other investment funds in relation to equity investments; providing investment advisory, investment management and financial advisory services on equity investments to clients; and other businesses permitted by the China Securities Regulatory Commission (projects subject to approval as required by laws shall be conducted upon approvals by relevant authorities).

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.

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

Shanghai Pudong Leading Area Investment Center (Limited Partnership) (上海浦東引領區投資中心(有限合夥)) is a limited partnership established under the laws of the PRC, which is principally engaged in investment activities with its own funds. As at the date of this announcement, its ultimate beneficial owner is Shanghai Pudong New District State-owned Assets Supervision and Administration Commission (上海市浦東新區國有資產監督管理委員會).

China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) is a joint stock limited company established under the laws of the PRC and is listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange (stock code: 02601.HK and 601601.SH), which is mainly engaged in investment in controlling stakes of insurance companies; supervising and managing the domestic and overseas reinsurance businesses of insurance companies under its control; supervising and managing the utilization of funds of insurance companies under its control; and participating in international insurance activities as approved. To the best of the knowledge, information and belief of the Company, China Pacific Insurance (Group) Co., Ltd. and its ultimate beneficial owner are independent third parties.

Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) is a company established under the laws of the PRC with limited liability, which is principally engaged in the acquisition and disposal of assets and related industrial investment within the scope authorized by the municipal government, investment consulting, financial consulting, consulting and agency for corporate restructuring and merger, corporate and asset custody (where prior approval is required under national laws and regulations, no operation shall be conducted until such approval has been obtained). As at the date of this announcement, its ultimate beneficial owner is Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會).

Shanghai International Trust Corp., Ltd. (上海國際信託有限公司) is a company established under the laws of the PRC with limited liability, which is principally engaged in fund trust, chattel trust, real estate asset trust, negotiable securities trust, other property or property rights trust. Being a promoter of an investment fund or a fund management company, it is engaged in investment fund business and businesses such as operation of corporate asset restructuring, mergers and acquisitions and project financing, corporate wealth management, financial advisory, entrusted with the securities underwriting business as approved by the relevant departments of the State Council, dealing with businesses such as intermediation, consultation and credit enquiry, depository and safe-deposit box business, the utilization of inherent assets in the form of interbank deposits, interbank placements, loans, leases and investments, provision of guarantees for others with inherent assets and engagement in interbank lending, and other businesses as required by laws and regulations or approved by the China Banking Regulatory Commission. As at the date of this announcement, it is owned as to 97.33%, 2.00% and 0.67% by Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), SAIC Capital Co., Ltd. (上海汽車集團股權投資有限公司) and Shanghai New Huang Pu Industrial Group Co., Ltd. (上海新黃浦實業集團股份有限公司), respectively. The ultimate beneficial owner of Shanghai Pudong Development Bank Co., Ltd. and SAIC Capital Co., Ltd. is Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會) while the ultimate beneficial owner of Shanghai New Huang Pu Industrial Group Co., Ltd. is Shanghai Huangpu District State-owned Assets Supervision and Administration Commission (上海市黃浦區國有資產監督管理委員會).

Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司) is a joint stock limited company established under the laws of the PRC and is listed on the Shanghai Stock Exchange (stock code: 600895.SH), which is principally engaged in the development and operation of properties in Zhangjiang Science City, investment, service and incubation of enterprises of scientific and technological innovation. To the best of the knowledge, information and belief of the Company, Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. and its ultimate beneficial owner are independent third parties.

Yitai Equity Investment Management Co., Ltd. (伊泰股權投資管理有限公司) is a company established under the laws of the PRC with limited liability, which is principally engaged in entrusted asset management and investment management (prohibited from engagement in trust, financial asset management, securities asset management and other restricted projects); equity investment (prohibited from engagement in securities investment activities; public fund raising to carry out investment activities and engagement in public fund raising management business). Yitai Equity Investment Management Co., Ltd. is a wholly-owned subsidiary of Inner Mongolia Yitai Coal Co., Ltd. (內蒙古伊泰煤炭股份有限公司), which is listed on the Hong Kong Stock Exchange (stock code: 03948.HK). To the best of the knowledge, information and belief of the Company, Yitai Equity Investment Management Co., Ltd. and its ultimate beneficial owner are independent third parties.

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. Therefore, Guosheng Group and its associates are connected persons of the Company under the 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.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. References are made to the announcement dated 28 October 2022 and the supplemental announcement dated 23 November 2022, the Haitong Securities FOF Single Asset Management Plan (in which the Company acts as a sole trustor) entered into a partnership agreement with Guosheng Group, Shanghai Guosheng Capital Management Co., Ltd. (a wholly-owned subsidiary of Guosheng Group) and other independent third parties to jointly set up a partnership. Therefore, the Previous Transaction and the Partnership Agreement shall be aggregated. As the highest applicable percentage ratio on an aggregated basis is more than 0.1% but less than 5%, the Previous Transaction and the transaction under the Partnership Agreement are 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 06837 and the stock code of 600837, respectively

“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fund Manager”, “General Partner” or “Executive Partner”	Haitong Capital Investment Co., Ltd. (海通開元投資有限公司)
“Group”	the Company and its subsidiaries
“Guosheng Group”	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司)
“Haitong Capital”	Haitong Capital Investment Co., Ltd. (海通開元投資有限公司)
“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)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	individuals or companies, as far as the Directors are aware after having made all reasonable enquiries, are not connected persons of the Company
“Listing rule”	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 Haitong Leading Area Industry Guiding Fund of Funds Partnership (Limited Partnership) (上海海通引領區產業引導母基金合夥企業(有限合夥)) (tentative name, subject to the approval by the industry and commerce registration authority), 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 21 June 2023
“related parties of Haitong Entity”	the Company and/or its controlled subsidiaries, partnerships or other legal entities
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“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
21 June 2023

As at the date of this announcement, the executive directors of the Company are Mr. ZHOU Jie and Mr. LI Jun; the non-executive directors of the Company are Mr. TU Xuanxuan, Mr. ZHOU Donghui, Ms. XIAO Hehua 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*