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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Guotai Junan Securities Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Guotai Junan Securities Co., Ltd. (the "Guotai Junan Securities") and its subsidiaries (collectively the "Guotai Junan Group") by the directors of Guotai Junan Securities (the "Guotai Junan Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2023 and related notes as set out in Part A of Appendix III to the circular dated 22 November 2024 (the "Circular") jointly issued by Guotai Junan Securities and Haitong Securities Co., Ltd. The applicable criteria on the basis of which the Guotai Junan Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Circular.

The pro forma financial information has been compiled by the Guotai Junan Directors to illustrate the impact of the proposed merger of Haitong Securities Co., Ltd. and its subsidiaries (the "Proposed Merger") on the Guotai Junan Group's financial position as at 31 December 2023 as if the Proposed Merger had taken place at 31 December 2023. As part of this process, information about the Guotai Junan Group's financial position as at 31 December 2023 has been extracted by the Guotai Junan Directors from the consolidated financial statements of Guotai Junan Securities for the year then ended, on which an audit report has been published.



Guotai Junan Directors' Responsibilities for the Pro Forma Financial Information

The Guotai Junan Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Guotai Junan Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.



Reporting Accountants' Responsibilities (continued)

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Guotai Junan Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Guotai Junan Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Guotai Junan Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Guotai Junan Group; and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

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22 NOV 2024

THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Guotai Junan Securities Co., Ltd. (“Guotai Junan Securities”) and its subsidiaries (collectively the “Guotai Junan Group”) and Haitong Securities Co., Ltd. (“Haitong Securities”) and its subsidiaries (collectively the “Haitong Group”) entered into the Merger Agreement in relation to a proposed merger (the “Proposed Merger”). Details of the Proposed Merger are set out in the section headed “Letter from Guotai Junan Board” contained in this circular.

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities (the “Unaudited Pro Forma Financial Information”) of Guotai Junan Group and the Haitong Group (collectively referred to as the “Enlarged Group”) as a result of the completion of the Proposed Merger on the basis set out in the notes below for illustrating the effect of the Proposed Merger, as if the Proposed Merger had taken place on 31 December 2023. The Guotai Junan Directors consider that such basis is appropriate for reflecting the accounting treatment to be adopted upon completion of the Proposed Merger and providing the relevant information to the shareholders of Guotai Junan Securities.

The Unaudited Pro Forma Financial Information is prepared based on (i) the audited consolidated statement of financial position of the Guotai Junan Group as at 31 December 2023 as extracted from the published annual report of the Guotai Junan Group for the year ended 31 December 2023; (ii) the audited consolidated statement of financial position of the Haitong Group as at 30 September 2024 as extracted from the Accountants’ Report on historical financial information of Haitong Securities Co., Ltd and its subsidiaries as set out in Appendix II to this Circular; and (iii) after giving effect to other unaudited pro forma adjustments as described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Guotai Junan Directors in accordance with Rule 4.29 of the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the purposes of illustrating the effect of the Proposed Merger only, based on their judgements, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the actual assets and liabilities of the Enlarged Group that would be attained had the Proposed Merger been completed as of the specified date or any future date. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group’s future assets and liabilities.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Guotai Juman Group as at 31 December 2023	The Haitong Group as at 30 September 2024	Other Unaudited Pro forma Adjustments				Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group
	RMB'000 Note 1	RMB'000 Note 2	RMB'000 Note 3	RMB'000 Note 4	RMB'000 Note 5	RMB'000	
ASSETS							
Property and equipment	4,345,379	16,333,065	1,036,488	-	-	21,714,932	
Investment property	1,067,254	2,429,155	127,972	-	-	3,624,381	
Right-of-use assets	2,311,388	1,652,472	-	-	-	3,963,860	
Goodwill	4,070,761	3,462,855	(3,462,855)	-	-	4,070,761	
Other intangible assets	840,235	662,748	58,125	-	-	1,561,108	
Investments in associates	7,556,250	8,125,908	1,527,232	-	78,066	17,287,456	
Investments in joint ventures	5,234,512	-	-	-	-	5,234,512	
Debt investments at amortised cost	3,614,543	5,181,022	-	-	-	8,795,565	
Debt instruments at fair value through other comprehensive income	94,146,785	41,973,153	-	(1,728,590)	-	134,391,348	
Equity instruments at fair value through other comprehensive income	1,875,680	12,515,063	-	-	-	14,390,743	
Financial assets held under resale agreements	69,666,091	31,666,250	-	-	-	101,332,341	
Financial assets at fair value through profit or loss	372,574,240	182,650,468	-	(134,515)	(2,277,582)	552,812,611	
Refundable deposits	56,787,627	24,691,678	-	(56,158)	(5,307,837)	76,115,310	
Deferred tax assets	2,457,519	3,105,536	89,181	-	-	5,652,236	
Accounts receivable	16,823,117	9,484,891	-	(2,149,525)	7,394,012	31,552,495	
Other assets	2,609,864	16,673,215	-	-	169,821	19,452,900	

	The Guotai Junan Group as at 31 December 2023	The Haitong Group as at 30 September 2024	Other Unaudited Pro forma Adjustments			Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group
	RMB'000 Note 1	RMB'000 Note 2	RMB'000 Note 3	RMB'000 Note 4	RMB'000 Note 5	RMB'000
ASSETS (Continued)						
Margin accounts receivable	89,753,965	62,665,780	-	-	-	152,419,745
Derivative financial assets	9,672,698	1,524,885	-	(204,893)	557,200	11,549,890
Receivables arising from sale and leaseback arrangements	-	71,926,402	-	-	-	71,926,402
Finance lease receivables	-	16,434,939	-	-	-	16,434,939
Placements to other financial institutions	-	234,110	-	-	-	234,110
Clearing settlement funds	7,315,428	16,491,726	-	(10,086)	-	23,797,068
Cash held on behalf of brokerage customers	141,939,238	101,582,302	-	-	-	243,521,540
Cash and bank balances	30,739,910	61,769,699	-	-	-	92,509,609
Total assets	925,402,484	693,237,322				1,614,345,862

	The Guotai Junan Group as at 31 December 2023	The Haitong Group as at 30 September 2024	Other Unaudited Pro forma Adjustments			Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group
	RMB'000 Note 1	RMB'000 Note 2	RMB'000 Note 3	RMB'000 Note 4	RMB'000 Note 5	RMB'000
LIABILITIES						
Loans and borrowings	12,211,242	63,843,321	-	-	-	76,054,563
Short-term debt instruments	19,372,094	17,097,944	-	-	-	36,470,038
Placements from other financial institutions	11,744,902	13,554,241	-	-	637,559	25,936,702
Accounts payable to brokerage customers	178,055,072	130,087,170	-	(66,244)	-	308,075,998
Employee benefits payable	7,728,844	2,423,723	-	-	-	10,152,567
Income tax payable	1,078,951	642,683	-	-	-	1,721,634
Financial assets sold under repurchase agreements	216,829,590	73,838,200	-	-	-	290,667,790
Financial liabilities at fair value through profit or loss	74,824,261	11,148,122	-	-	(4,627,199)	81,345,184
Derivative financial liabilities	11,488,606	878,518	-	(204,893)	188,628	12,350,859
Bonds payable	134,025,543	174,129,230	1,579,311	(1,863,105)	-	307,870,979
Contract liabilities	80,141	-	-	-	-	80,141
Lease liabilities	1,829,351	1,000,005	-	-	-	2,829,356
Other liabilities	82,600,736	34,379,137	-	(2,149,525)	4,414,692	119,245,040
Deferred tax liabilities	155,141	723,546	-	-	-	878,687
Total liabilities	752,024,474	523,745,840				1,273,679,538
Net Assets	173,378,010	169,491,482				340,666,324

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

1. The amounts are extracted from the published annual report of the Guotai Junan Group for the year ended 31 December 2023 dated 28 March 2024.
2. The amounts are extracted from the audited consolidated statement of financial position of the Haitong Group as at 30 September 2024, which are extracted from the Accountants' Report set out in Appendix II to this Circular.
3. The Proposed Merger of Haitong Group will be accounted for in the Enlarged Group's consolidated financial statements under the acquisition method in accordance with International Financial Reporting Standard ("IFRS") 3 (Revised), Business Combinations.

The pro forma adjustments made represent:

	<i>Notes</i>	<i>RMB'000</i>
Consideration	<i>i</i>	<u>150,275,388</u>
Less: net assets acquired:		
Net assets of the Haitong Group as at 30 September 2024	2	169,491,482
Add: Fair value adjustments		
– Property and equipment	<i>ii</i>	1,036,488
– Investment property	<i>ii</i>	127,972
– Other intangible assets	<i>ii</i>	58,125
– Investments in associates	<i>ii</i>	1,527,232
– Bonds payable	<i>ii</i>	(1,579,311)
– Deferred tax related to the fair value adjustments	<i>ii</i>	89,181
Less: the carrying amount of goodwill arising from the prior business combinations	<i>iii</i>	(3,462,855)
Less: Non-controlling interest ("NCI")	<i>iv</i>	<u>(8,229,365)</u>
Total amount of identifiable net assets acquired		<u>159,058,949</u>
Provisional gain from a bargain purchase arising from the Proposed Merger	<i>v</i>	<u>8,783,561</u>

- (i) The total consideration will be satisfied by issuing 5,985,871,332 Guotai Junan A Shares and 2,113,932,668 Guotai Junan H Shares, details of which are included in the section headed "Letter from Guotai Junan Board" to this Circular. For the purpose of the Unaudited Pro Forma Financial Information, the fair value of each Guotai Junan A Share is deemed at RMB20.97 and each Guotai Junan H Share at HKD12.74, (equivalent to RMB11.71, translated based on an exchange rate of RMB/HKD of 0.91906 at 8 November 2024), being the closing share prices of the Guotai Junan A Share and Guotai Junan H share, respectively, on 8 November 2024, the most recent practicable date determined by the Guotai Junan Directors' for the purpose of preparing this Unaudited Pro Forma Financial Information prior to the printing of this Joint Circular.

The total consideration at the date of Completion will be determined with reference to the fair value of Guotai Junan A share and Guotai Junan H share at the date of Completion, which may be substantially different from the value used in the Unaudited Pro Forma Financial Information.

- (ii) Recognition of fair value adjustments of the identifiable assets and liabilities of the Haitong Group and the deferred tax arising therefrom:

For the purpose of the Unaudited Pro Forma Financial Information, the Guotai Junan Directors' have determined the fair values of the identifiable assets and liabilities of the Haitong Group as at 30 September 2024 mainly with reference to a valuation report in relation to the purchase price allocation of the Proposed Merger. The fair value adjustments on identifiable assets and liabilities are calculated by deducting carrying amounts of identifiable assets and liabilities from their respective fair value as at 30 September 2024.

Deferred tax is recognised for temporary differences that arise in respect of the recognised fair value adjustments on property and equipment, investment property, other intangible assets and bonds payable above and based on a corporate income tax rate of 25%.

Since the carrying amounts and the fair values of the identifiable assets and liabilities of the Haitong Group on the date of Completion may be substantially different from those used in the preparation of the Unaudited Pro Forma Financial Information, the fair value adjustments and the deferred tax arising therefrom could be different from the estimated amounts stated herein.

- (iii) For the purpose of allocating consideration to the identifiable assets and liabilities, the carrying amount of goodwill arising from the prior business combination has been excluded.
- (iv) NCI is measured based on the carrying amount of NCI of the Haitong Group, and adjusted for the portion of the above fair value adjustments and related deferred tax attributable to NCI.
- (v) Recognition of gain on bargain purchase

Gain on bargain purchase represents the excess of the amount of the identifiable net assets of Haitong Group over the consideration for the Proposed Merger, details of which are set out above.

For the purpose of the Unaudited Pro Forma Financial Information, the Guotai Junan Directors have, with reference to IFRS 3, reassessed whether they have correctly identified all of the assets acquired and all of the liabilities assumed, and reviewed whether the measurements reflect consideration of all available information regarding the identifiable assets acquired and liabilities assumed and the consideration transferred. Based on the Guotai Junan Directors' assessment, a gain from a bargain purchase is recognised in profit or loss. For the purpose of the Unaudited Pro Forma Financial Information, no tax provision was made in respect of the gain on bargain purchase.

Since the fair value of shares of Guotai Junan A share and Guotai Junan H share and the fair value of the identifiable assets and liabilities of the Haitong Group at the date of Completion may be substantially different from their respective values used in the Unaudited Pro Forma Financial Information, the actual amount of gain on bargain purchase may be different from the amount presented herein. Accordingly, the Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the Completion of the Proposed Merger.

4. The adjustments represented the elimination of balances between the Guotai Junan Group and the Haitong Group. For the purpose of this Unaudited Pro Forma Financial Information, the balances to be eliminated are determined based on the outstanding balances of the Guotai Junan Group as at 31 December 2023.
5. The adjustments represented the reclassification to align the presentation of certain account captions of the Guotai Junan Group and the Haitong Group.
6. No adjustment has been made to the Unaudited Pro Forma Financial Information for acquisition-related costs (including fees to legal advisers, financial adviser, reporting accountants, valuer, printer and other expenses) as the Guotai Junan Directors determined that such costs are insignificant.

7. Save as disclosed above, no other adjustment has been made to reflect any trading results or other transactions of the Guotai Junan Group and the Haitong Group entered into subsequent to 31 December 2023 and 30 September 2024 respectively for the purpose of preparation of the Unaudited Pro Forma Financial Information, including but not limited to the Proposed Placement described in the section headed “Letter from Guotai Junan Board”.

Approved and authorized for issue by the Board of Directors.

Date: **22 NOV 2024**

Zhu Jian

Chairman



Li Junjie

Executive Director

