



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: 06837)

Executive Directors:

Mr. Zhou Jie (*Chairman*)
Mr. Li Jun (*General manager*)
Mr. Han Jianxin

Registered Office:

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the PRC

Non-executive Directors:

Mr. Tu Xuanxuan
Mr. Shi Lei
Ms. Xiao Hehua
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Mr. Zhou Yu
Mr. Fan Ren Da Anthony
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Hong Kong

22 November 2024

To Shareholders

Dear Sir or Madam,

1 INTRODUCTION

Guotai Junan Securities and Haitong Securities entered into the Cooperation Agreement on 5 September 2024 in relation to the Proposed Merger. Further to the Cooperation Agreement, on 9 October 2024, Guotai Junan Securities and Haitong Securities entered into the Merger Agreement with respect to the Proposed Merger which sets forth detailed terms and conditions for implementing the Proposed Merger. Guided by the principles of combining the strengths of two well-recognised and renowned businesses in the sector, achieving synergies and implementing a merger of equals, Guotai Junan Securities and Haitong Securities are proposing to merge by way of absorption and a share-for-share exchange. Through the Proposed Merger, Guotai Junan Securities and Haitong Securities are committed to enriching

the advancement of the financial system and services of China and the promotion of Shanghai's strategic role as an international financial centre, and becoming a global leader in terms of strategic capabilities, professionalism, corporate governance, compliance, risk management, talents and industry culture, by benchmarking with international peers. Upon implementation, the Proposed Merger will take the form of a merger by absorption by Guotai Junan Securities issuing, on the basis of a single Exchange Ratio, Guotai Junan A Shares and Guotai Junan H Shares to all the holders of Haitong A Shares and Haitong H Shares, respectively, in exchange for all of the issued shares of Haitong Securities. To raise ancillary fundings to increase the capital, support the development for business lines of the Post-Merger Company and replenish the working capital, the Proposed Placement will be undertaken concurrently with the Share Exchange.

Upon Closing, the Post-Merger Company will assume all assets, liabilities, businesses, employees, contracts, qualifications and all other rights and obligations of Haitong Securities. Following Closing, the Post-Merger Company will adopt a new company name and will implement a series of measures to establish a new corporate governance and management structure, development strategy and corporate culture in accordance with Applicable Laws and the specific circumstances of the Proposed Merger.

Upon satisfaction of all the Conditions to the Proposed Merger, Haitong Securities will also apply to the Hong Kong Stock Exchange and SSE for a voluntary withdrawal of the listing of relevant Haitong Shares from the Hong Kong Stock Exchange and SSE.

The purpose of this Joint Circular is to provide you with, amongst other things:

- (i) further details and other matters in respect of the Merger Agreement, the Proposed Merger and the Proposed Placement;
- (ii) relevant information in relation to the Post-Merger Company;
- (iii) a letter of advice issued by the Haitong IFA to the Haitong IBC in respect of the Proposed Merger and the Proposed Placement;
- (iv) recommendations and advice from the Haitong IBC in respect of the Proposed Merger and the Proposed Placement; and
- (v) notices for the Haitong EGM and the Haitong H Shareholders' Class Meeting to be convened to consider and, if thought fit, approve the Merger Agreement, the Proposed Merger, the Proposed Placement and the relevant arrangements.

2 TERMS AND INFORMATION OF THE PROPOSED MERGER AND THE PROPOSED PLACEMENT

Your attention is drawn to the key terms and information of the Proposed Merger and the Proposed Placement as set out in the section headed “Terms and Information of the Proposed Merger and the Proposed Placement” in this Joint Circular, which form part of this letter and are incorporated by reference into this letter. This letter should be read in conjunction with the full text of the section headed “Terms and Information of the Proposed Merger and the Proposed Placement” in this Joint Circular.

With regards to the intention of Guotai Junan Securities as set out in “11. Business Strategies, Strategic Objectives and Specific Measures of the Post-Merger Company” and “9. Arrangements for Employees under the Proposed Merger” in the section headed “Terms and Information of the Proposed Merger and the Proposed Placement”, the Haitong Board is of the view that the plans for Haitong Securities and its employees are fair and reasonable and in the interests of Haitong Securities’ employees.

3 SPECIAL RESOLUTIONS TO BE PROPOSED AT THE HAITONG EGM AND HAITONG H SHAREHOLDERS’ CLASS MEETING

Haitong Board has resolved to propose the following resolutions at the Haitong EGM and Haitong H Shareholders’ Class Meeting, as applicable, to approve the proposals of the Proposed Merger (including the Special Deal) and the Proposed Placement, details of which are set out below:

- (1) A resolution will be proposed at the Haitong EGM to approve that the Proposed Merger has complied with the requirements of the relevant laws and regulations in relation to the material asset restructuring of listed companies pursuant to the PRC Securities Law, the Administrative Measures for Restructuring, the Guideline No. 9 for the Regulation of Listed Companies – Regulatory Requirements for Listed Companies’ Planning and Implementation of Material Asset Restructurings, the Guideline No. 6 of Shanghai Stock Exchange for Self-Regulation Rules for Listed Companies – Material Asset Restructuring, the Rules of the Shanghai Stock Exchange on Review of Material Asset Restructuring of Listed Companies and other laws and regulations.
- (2) A resolution will be proposed at the Haitong EGM and Haitong H Shareholders’ Class Meeting to approve the proposal of the Proposed Merger and the Proposed Placement:

Details of the Proposed Merger

- (a) **Parties to the Proposed Merger:** Guotai Junan Securities and Haitong Securities.

- (b) **Method of the Proposed Merger:** the Proposed Merger will be implemented by Guotai Junan Securities merging with Haitong Securities by way of absorption and a share-for-share exchange, namely: Guotai Junan Securities will issue Guotai Junan A Shares to the Haitong Share-Exchange Shareholders holding A shares and Guotai Junan H Shares to the Haitong Share-Exchange Shareholders holding H shares; Guotai Junan Securities will apply to have the Guotai Junan A Shares and Guotai Junan H Shares to be issued under the Proposed Merger listed and traded on the SSE and the Hong Kong Stock Exchange, respectively; and the Haitong A Shares and Haitong H Shares will be delisted and cancelled.
- (c) **Class and par value of the Guotai Junan Shares to be issued upon Share Exchange:** Guotai Junan Securities will issue Guotai Junan A Shares (with a RMB denominated par value of RMB1.00 each) to the Haitong Share-Exchange Shareholders holding A shares; and Guotai Junan H Shares (with a RMB denominated par value of RMB1.00 each) to the Haitong Share-Exchange Shareholders holding H shares.
- (d) **Share Exchange targets and Record Date for Share Exchange:** the targets of the Share Exchange are all registered Haitong Shareholders on the register of shareholders after market closes on the Record Date for Share Exchange. As at the Record Date for Share Exchange, Haitong A Shares and Haitong H Shares held by those Haitong Shareholders who have not declared, have partially declared, have been ineligible to declare or have invalidly declared the exercise of the Haitong Put Option, and Haitong Shares held by the Haitong Put Option Provider(s) as a result of their provision of the Haitong Put Option will all be exchanged into Guotai Junan Shares issued for the Proposed Merger based on the Exchange Ratio.
- (e) **Exchange price and Exchange Ratio:** having taken into account the Market Reference Prices of the A shares of Guotai Junan Securities and Haitong Securities, and after deducting the Guotai Junan 2024 Interim Dividend and Haitong 2024 Interim Dividend, respectively, the exchange price of Guotai Junan A Shares is RMB13.83 per share and the exchange price of Haitong A Shares is RMB8.57 per share, which leads to the Exchange Ratio of 0.62:1; and the exchange price of Guotai Junan H Shares is HK\$7.73 per share and the exchange price of Haitong H Shares is HK\$4.79 per share, being the Exchange Ratio multiplied by the exchange price of Guotai Junan H Shares.
- (f) **Number of Guotai Junan Shares to be issued under the Share Exchange:** based on the Exchange Ratio, Guotai Junan Securities will issue 5,985,871,332 Guotai Junan A Shares and 2,113,932,668 Guotai Junan H Shares for the Share Exchange.

- (g) **Place of listing of the Guotai Junan Shares to be issued under the Share Exchange:** the Guotai Junan A Shares to be issued under the Share Exchange will be listed and traded on the main board of the SSE; and the Guotai Junan H Shares to be issued under the Share Exchange will be listed and traded on the main board of the Hong Kong Stock Exchange.
- (h) **Arrangements for Haitong Share-Exchange Shareholder who holds Haitong Shares with Share Restrictions:** for Haitong Shares that are subject to pledges, freezing orders or other legal restrictions on transfer, such Haitong Shares will be converted into Guotai Junan Shares during the Share Exchange. The pledges, freezing orders or other restrictions will continue to be effective on the corresponding Guotai Junan Shares issued under the Share Exchange. The treasury Haitong A Shares will also be exchanged for Guotai Junan A Shares under the Share Exchange and the Proposed Merger and will become treasury shares of the Post-Merger Company upon Closing.
- (i) **Protection mechanism for the interests of Guotai Junan Dissenting Shareholders:** to protect the interests of the Guotai Junan Shareholders, Guotai Junan Put Options will be provided to the Guotai Junan Dissenting Shareholders, details of which are set out in the paragraph headed “2. Terms of the Proposed Merger – (3) Put Options and Dissenting Shareholders who Exercise the Put Options” under the section headed “Terms and Information of the Proposed Merger and the Proposed Placement” in this Joint Circular.
- (j) **Protection mechanism for the interests of Haitong Dissenting Shareholders (including the Special Deal):** to protect the interests of the Haitong Shareholders, Haitong Put Options will be provided to the Haitong Dissenting Shareholders, details of which are set out in the paragraph headed “2. Terms of the Proposed Merger – (3) Put Options and Dissenting Shareholders who Exercise the Put Options” under the section headed “Terms and Information of the Proposed Merger and the Proposed Placement” in this Joint Circular.
- (k) **Disposal of creditors’ rights and debts involved in the Proposed Merger and the Proposed Placement:** Guotai Junan Securities and Haitong Securities will undertake the procedures relating to creditors’ notification and announcement in accordance with the relevant laws and regulations, and will, based on the requests raised by their respective creditors within the statutory period, either make or provide or cause a third party to make or provide early repayment or provide separate guarantee to such creditors for their indebtedness in accordance with the applicable laws and regulations.

- (l) **Transfer of assets:** following the Closing Date, the ownership of all assets of Haitong Securities (including but not limited to all land, real estate, trademarks, patents, software copyrights, franchise rights, projects under construction and other assets) and the rights, interests, liabilities and obligations related to it shall be assumed by the Post-Merger Company.
- (m) **Arrangements for employees:** following the Closing Date, the employment contracts of all employees of Guotai Junan Securities (including those of its branches and business departments) will continue with the Post-Merger Company and the employment contracts of all employees of Haitong Securities (including those of its branches and business departments) will be assumed by and continue with the Post-Merger Company.
- (n) **Arrangements for the Transitional Period:** during the Transitional Period, except for matters that have been agreed in writing in advance between, or have been or should have been known to, Guotai Junan Securities and Haitong Securities, Guotai Junan Securities and Haitong Securities shall maintain stability in their assets, businesses, employees and operations and operate independently in accordance with their past practices and operating methods. Guotai Junan Securities and Haitong Securities will not make any significant decisions that are inconsistent with its ordinary course of business nor engage in any activities that may give rise to significant debts, obligations, or liabilities, and that may have a material adverse effect on their operations and financial condition.
- (o) **Arrangements for profit distribution and accumulated profits:** save for the Guotai Junan 2024 Interim Dividend and Haitong 2024 Interim Dividend, before the Closing Date, Guotai Junan Securities and Haitong Securities shall not undertake any ex-rights or ex-dividend actions such as distribution of profits, conversion and capitalisation of reserves into share capital and rights issues. Any accumulated profits of Guotai Junan Securities and Haitong Securities which remain undistributed up to the Closing Date shall be shared for the benefit of the new and existing shareholders of the Post-Merger Company according to their shareholding ratio. After the Closing Date, the Post-Merger Company will consider and make arrangements for profit distribution by comprehensively taking into account factors including net profits for the year and cashflow requirements as a whole.

Details of the Proposed Placement

- (a) **Fundraising amount under the Proposed Placement:** Up to RMB10 billion.
- (b) **Class and par value of the Placement A Shares:** Placement A Shares are A shares with a RMB denominated par value of RMB1.00 each.

- (c) **Pricing basis, date of pricing and issue price of the Placement A Shares:** The date of pricing of the Proposed Placement is the date of the announcement of the resolutions of the 28th extraordinary meeting of the sixth session of the Guotai Junan Board. The issue price of the Proposed Placement shall not be lower than the higher of (a) 80% of the volume-weighted average price for the 20 trading days of Guotai Junan A Shares immediately prior to the date of pricing and (b) the audited net asset value per share attributable to ordinary shareholders of the parent company of Guotai Junan Securities as of the end of the most recent year to the date of the pricing. If Guotai Junan Securities undertakes any ex-rights or ex-dividend event from the balance sheet date to the issue date, the net asset value per share will be adjusted accordingly. According to such pricing basis, after deducting the Guotai Junan 2024 Interim Dividend and Guotai Junan 2023 Final Dividend, the issue price has been set at a fixed price of RMB15.97 per Placement A Share.
- (d) **Issuance targets and method of subscription of the Proposed Placement:** the Subscriber will subscribe for all the Placement A Shares in cash.
- (e) **Number of the Placement A Shares to be issued:** up to RMB10 billion. Based on the issue price of RMB15.97 per Placement A Share, the number of Placement A Shares shall be up to 626,174,076 shares.
- (f) **Place of listing of the Placement A Shares to be issued:** upon expiry of the lock-up period, Placement A Shares will be listed and traded on the main board of the SSE.
- (g) **Lock-up period for the Placement A Shares to be issued:** the Placement A Shares subscribed by the Subscriber pursuant to the Proposed Placement shall not be transferred for a period of 60 months from the completion date of the issue of A shares, except for transfer permitted by Applicable Laws. Any additional shares as a result of certain circumstances including bonus issues or conversion of capital reserves into share capital shall also be subject to the aforementioned lock-up period.
- (h) **Use of proceeds of the Proposed Placement:** intended to be used for purposes including international business, trading and investment business, digitalisation and replenishing working capital (after deducting intermediaries' fees, the transaction taxes and other expenses related to the Proposed Merger and the Proposed Placement).
- (i) **Arrangements for profit distribution and accumulated profits:** any accumulated profits prior to the completion of the Proposed Placement shall be for the benefit of the new and existing shareholders according to their shareholding ratio after the Proposed Placement.

Effective period of the resolution

The resolution shall be effective for 12 months from the date of its approval by Haitong EGM, Haitong H Shareholders' Class Meeting and Haitong A Shareholders' Class Meeting.

- (3) A resolution will be proposed at the Haitong EGM regarding the MAR Report and its extract prepared in accordance with the Administrative Measures for Restructuring, the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26 – Material Asset Restructurings of Listed Companies and other laws and regulations.
- (4) A resolution will be proposed at the Haitong EGM and Haitong H Shareholders' Class Meeting regarding the execution of the Merger Agreement, which included terms and arrangements including the Proposed Merger, the Guotai Junan Put Option, the Haitong Put Option, the arrangements during the Transitional Period, the disposal of debts involved in the Proposed Merger, the arrangement for employees, Closing of the Proposed Merger, effectiveness and termination of the Merger Agreement, liabilities for breach of the Merger Agreement, governing law and dispute resolution.
- (5) A resolution will be proposed at the Haitong EGM regarding that the Proposed Merger constitutes material asset restructuring of Haitong Securities pursuant to the 2023 audit reports of Haitong Securities and Guotai Junan Securities.
- (6) A resolution will be proposed at the Haitong EGM regarding that the Proposed Merger does not constitute a related party transaction of Haitong Securities.
- (7) A resolution will be proposed at the Haitong EGM regarding that the Proposed Merger and the Proposed Placement have complied with the requirements under section 11 of the Administrative Measures for Restructuring.
- (8) A resolution will be proposed at the Haitong EGM regarding that the Proposed Merger and the Proposed Placement have complied with the requirements under section 4 of the Guideline No. 9 for the Regulation of Listed Companies – Regulatory Requirements for Listed Companies' Planning and Implementation of Material Asset Restructurings.
- (9) A resolution will be proposed at the Haitong EGM regarding that the Proposed Merger and the Proposed Placement will not lead to a change in control of Guotai Junan Securities, and that the Proposed Merger and the Proposed Placement do not constitute restructuring for listing under section 13 of the Administrative Measures for Restructuring.

- (10) A resolution will be proposed at the Haitong EGM regarding the completeness and compliance of the legal procedures and the validity of the legal documents submitted with respect to the Proposed Merger and the Proposed Placement.
- (11) A resolution will be proposed at the Haitong EGM regarding that the relevant parties of the Proposed Merger and the Proposed Placement do not fall under prohibition to participate in any material asset restructuring of listed companies under section 12 under the Guideline No. 7 for the Regulation of Listed Companies – Regulation of the Abnormal Trading of Stocks Relating to the Material Asset Restructurings of Listed Companies and section 30 under the Guideline No. 6 of Shanghai Stock Exchange for Self-Regulation Rules for Listed Companies – Material Asset Restructuring.
- (12) A resolution will be proposed at the Haitong EGM regarding that there was no purchase or sale of assets that needs to be included in the cumulative calculation of relevant indicators for the Proposed Merger and the Proposed Placement within the 12 months before the Proposed Merger and the Proposed Placement.
- (13) A resolution will be proposed at the Haitong EGM regarding the audit report and financial statements of Haitong Securities for the year ended 31 December 2022 to the nine months ended 30 September 2024 issued by BDO China Shu Lun Pan Certified Public Accountants LLP, as well as the financial statements for the nine months ended 30 September 2024 prepared by Haitong Securities in accordance with the IFRS and the corresponding audit report issued by Deloitte Touche Tohmatsu, both prepared in relation to the Proposed Merger and the Proposed Placement, the contents of which are respectively set out in the Material Information Announcement published by Haitong Securities and Appendix II in this Joint Circular.
- (14) A resolution will be proposed at the Haitong EGM to approve the BOCI (China) Valuation Report issued by BOCI (China) in relation to the Proposed Merger and the Proposed Placement, prepared in accordance with the Administrative Measures for Restructuring and other applicable PRC rules and regulations, the full text of which is set out in the Material Information Announcement published by Haitong Securities.
- (15) A resolution will be proposed at the Haitong EGM regarding the independence of BOCI (China) as the valuer, the reasonableness of the assumptions adopted and the relevance between the method and purpose of valuation, and the fairness of the valuation, details of which are set out in the Material Information Announcement published by Haitong Securities.

- (16) A resolution will be proposed at the Haitong EGM and Haitong H Shareholders' Class Meeting regarding that Haitong Board be authorised, and such authority be delegated to its authorised operational management, to exercise full powers to deal with matters relating to the Proposed Merger and the Proposed Placement in accordance with Applicable Laws, details of which are set out below:

“In order to ensure the smooth progress of the matters relating to the Proposed Merger and the Proposed Placement, in accordance with the PRC Company Law, the PRC Securities Law, Measures for the Administration of Material Asset Restructurings of Listed Companies and other laws and regulations as well as Haitong Articles, it is proposed by the Haitong Board that, at Haitong EGM, Haitong H Shareholders' Class Meeting and Haitong A Shareholders' Class Meeting, the Haitong Board be authorised, and Haitong Board be authorised to delegate such authority to the operational management of Haitong Securities to deal with all matters relating to the Proposed Merger and the Proposed Placement at their sole discretion as permitted by the relevant laws and regulations, including but not limited to:

- (a) according to requirements of relevant laws and regulations and regulatory documents and the review by relevant regulatory or supervising authorities in respect of the Proposed Merger and the Proposed Placement and taking into account the actual situation of Haitong Securities, and on the condition of not going beyond the resolutions passed at the Haitong EGM, Haitong H Shareholders' Class Meeting and Haitong A Shareholders' Class Meeting, to make any necessary amendments and adjustments to the proposal relating to the Proposed Merger and the Proposed Placement (other than matters which are required under relevant laws and regulations and Haitong Articles to be re-voted on at the general meetings of Haitong Securities), and entering into the relevant supplemental agreements (if required);
- (b) as for the matters relating to the Proposed Merger and the Proposed Placement, on the condition of not going beyond the resolutions passed at the Haitong EGM, Haitong H Shareholders' Class Meeting and Haitong A Shareholders' Class Meeting, to handle all procedures of reviews, registration, filing, approval, consent, reporting and notification involved in the Proposed Merger and the Proposed Placement; to prepare, sign, execute, amend, submit and announce all documents related to the Proposed Merger and the Proposed Placement (including but not limited to the agreements and application documents, circular and other documents involved in the Proposed Merger and the Proposed Placement), and supplement or adjust the filed documents in accordance with the review by relevant regulatory or supervising authorities; to handle all domestic and overseas information disclosure matters related to the Proposed Merger and the Proposed Placement; to respond to comments or enquiries from relevant regulatory departments; and to ratify such documents relating to the Proposed Merger and the Proposed Placement submitted to,

procedures carried out and communication made with the relevant departments and bodies prior to the date on which this resolution was approved; to make corresponding adjustments to the exchange price and Exchange Ratio due to any ex-rights or ex-dividend actions made to Haitong Shares during the period from the date of announcement of the first board resolution approving the Proposed Merger and the Proposed Placement to the Closing Date, and in accordance with applicable laws or regulations or requirements of the relevant Governmental Authorities, and to carry out the relevant procedures; and to make a resolution on the dissolution and cancellation of Haitong Securities and to go through the relevant procedures after the Proposed Merger and the Proposed Placement is approved by, filed and registered with the stock exchanges and the CSRC and the relevant domestic and foreign Governmental Authorities;

- (c) to determine and announce the implementation proposal for the protection mechanism of the interests of the Haitong Dissenting Shareholders involved in the Proposed Merger, and to implement the proposal; to make corresponding adjustments to the put option price of the Haitong Put Option due to any ex-rights or ex-dividend actions occurring between the reference date for determining the put option price and the Closing Date or the occurrence of any adjustment to the right of the Haitong Dissenting Shareholders to exercise the cash put option (if any) as stipulated in the proposal of the Proposed Merger and the Proposed Placement or pursuant to relevant laws and regulations or requirements of the relevant regulatory authorities;
- (d) to handle the registration procedures regarding the Proposed Merger and the Proposed Placement with or by the relevant managing departments, and the procedures for the transfer of all assets, liabilities, business, employees, contracts, qualifications and all other rights and obligations of Haitong Securities, including but not limited to the execution of relevant legal documents;
- (e) to handle the execution and implementation of the proposal in the Proposed Merger and the Proposed Placement for the protection of the interests of the domestic and overseas creditors (including doing all such acts and things, signing and executing all such documents, deeds and instruments in respect of any transactions contemplated under the Merger Agreement and in respect of any such transactions as it may deem necessary, appropriate and in the interests of Haitong Securities, and making applications with the relevant regulatory authorities and adopting relevant measures, etc.);
- (f) to handle the execution and implementation of the Share Exchange under the Proposed Merger and the Proposed Placement;

- (g) to handle the delisting of Haitong H Shares from the Hong Kong Stock Exchange and Haitong A Shares from the SSE resulting from the Proposed Merger and the Proposed Placement;
- (h) to engage H share and A share intermediaries, including independent financial advisers, financial advisers, legal advisers, audit organisations and valuers, in relation to the Proposed Merger and the Proposed Placement; and
- (i) to carry out all actions and matters on behalf of Haitong Securities that it considers relevant, necessary or appropriate to implement the Proposed Merger and the Proposed Placement.

The aforementioned authorisation shall be effective for 12 months from the date of its approval by the Haitong EGM, the Haitong A Shareholders' Class Meeting and the Haitong H Shareholders' Class Meeting."

The aforesaid resolutions have been considered and approved by Haitong Board and supervisory committee of Haitong Securities on 9 October 2024 and 21 November 2024 respectively and are hereby proposed at the Haitong EGM and the Haitong H Shareholders' Class Meeting, as applicable, as special resolutions for consideration and approval.

4 IMPLICATIONS UNDER THE TAKEOVERS CODE IN RESPECT OF THE PROPOSED MERGER FOR HAITONG SECURITIES

In respect of Haitong Securities – the Merger Agreement and the Proposed Merger

In compliance with Rule 2.10 of the Takeovers Code, the Merger Agreement and the Proposed Merger are conditional on (i) the approval by 75% or more of the votes attaching to the Haitong H Shares held by the Disinterested Haitong H Shareholders that are cast either in person or by proxy at the Haitong H Shareholders' Class Meeting; and (ii) the number of votes cast against the resolution is not more than 10% of the votes attaching to all Haitong H Shares held by the Disinterested Haitong H Shareholders. As at the Latest Practicable Date, none of Guotai Junan Securities or Guotai Junan Concert Parties holds any Haitong H Shares.

Under the Haitong Articles, all of the special resolutions in respect of the Proposed Merger and the Proposed Placement at the Haitong EGM, Haitong A Shareholders' Class Meeting and Haitong H Shareholders' Class Meeting are required to be passed by a majority of more than two-thirds of the votes cast by way of poll by the Haitong Shareholders present and voting in person or by proxy at each of the Haitong EGM, the Haitong A Shareholders' Class Meeting and the Haitong H Shareholders' Class Meeting. The Applicable Laws of the PRC do not require any Haitong Shareholders to abstain from voting in respect of the Proposed Merger and the Proposed Placement in the Haitong EGM, Haitong A Shareholders' Class Meeting or Haitong H Shareholders' Class Meeting.

Guotai Junan Securities (and its subsidiaries) hold certain Haitong A Shares amounting to approximately 0.14% of the total issued shares of Haitong Securities in its ordinary course of business and are required to abstain from voting on all resolutions at the Haitong EGM and Haitong A Shareholders' Class Meeting under the Applicable Laws of Hong Kong.

Under the Applicable Laws of the PRC, there are no restrictions imposed on any Haitong H Shareholder to cast votes on the relevant resolutions at the Haitong H Shareholders' Class Meeting. Any votes cast by a Haitong Shareholder who is not a Disinterested Haitong H Shareholder on the special resolutions relating to the Merger Agreement and the Proposed Merger (i.e. resolution number 1.1, including all sub-resolutions thereunder, and resolution numbers 1.3, 2 and 3) at the Haitong H Shareholders' Class Meeting will not be counted towards votes attaching to the Haitong H Shares held by the Disinterested Haitong H Shareholders for the purposes of Rule 2.10 of the Takeovers Code.

In respect of the BOCI Asia Haitong Put Option Arrangement as the Special Deal

The BOCI Asia Haitong Put Option Arrangement is not extended to all Haitong Shareholders, and is therefore considered as the Special Deal. As the Special Deal is not capable of being extended to all Haitong Shareholders, it is subject to the consent of the Executive and the approval by Independent Haitong Shareholders. For further details, please refer to the section headed "(3) Put Options and Dissenting Shareholders who Exercise the Put Options – Implications under Takeovers Code – BOCI Asia Haitong Put Option Arrangement as the Special Deal" under the section headed "Terms and Information of the Proposed Merger and the Proposed Placement" in this Joint Circular.

An application has been made to the Executive for consent to proceed with the Special Deal under Rule 25 of the Takeovers Code. Such consent, if granted, will be subject to (i) the Haitong IFA publicly stating in its opinion that the terms of the Special Deal are fair and reasonable, and (ii) the approval of the Special Deal by the Independent Haitong Shareholders at the Haitong EGM. A sub-resolution with respect to the Haitong Put Option arrangements (including the Special Deal) (i.e. sub-resolution number 2.1.10) will be put forward at the Haitong EGM for consideration, and if thought fit, approval as special resolutions by the requisite Haitong Shareholders under the Applicable Laws of the PRC. For the purposes of Rule 25 of the Takeovers Code, any votes cast by a Haitong Shareholder who is not an Independent Haitong Shareholder on the special resolution concerning the Haitong Put Option arrangements (including the Special Deal) (i.e. sub-resolution number 2.1.10) at the Haitong EGM will not be counted towards votes attaching to the Haitong Shares held by the Independent Haitong Shareholders.

In respect of Haitong UT Leasing

As at the Latest Practicable Date, Haitong Securities indirectly holds approximately 85% of the total issued shares of Haitong UT Leasing. For the purposes of the Takeovers Code, the Proposed Merger will effectively result in the Post-Merger Company acquiring statutory control (as defined under the Takeovers Code) in Haitong UT Leasing upon Closing. An application has been made to the Executive for a confirmation that the Proposed Merger will not trigger a mandatory general offer obligation for the shares of Haitong UT Leasing. The Executive confirmed that no mandatory general offer obligation for the shares of Haitong UT Leasing will be triggered as a result of the Proposed Merger under Note 8 to Rule 26.1 of the Takeovers Code.

5 HAITONG IBC AND HAITONG IFA FOR THE PROPOSED MERGER AND THE PROPOSED PLACEMENT

The Haitong Board and the supervisory committee of Haitong Securities approved the Proposed Merger, the Proposed Placement and its related matters at its respective board and supervisory committee meeting held on 9 October 2024. The approval of the resolutions of the Proposed Merger and the Proposed Placement will have a validity period of 12 months from the date of the relevant approvals of the Proposed Merger and the Proposed Placement at the Haitong EGM, Haitong H Shareholders' Class Meeting and Haitong A Shareholders' Class Meeting.

To consider the Proposed Merger and the Proposed Placement, the Haitong Board has established the Haitong IBC, which comprises all of the non-executive directors and independent non-executive directors of Haitong Securities, being Mr. TU Xuanxuan, Mr. SHI Lei, Ms. XIAO Hehua, Mr. XU Jianguo, Mr. ZHOU Yu, Mr. FAN Ren Da Anthony, Mr. MAO Fugen and Mr. MAO Huigang. The Haitong IBC will advise the Independent Haitong Shareholders and the Disinterested Haitong H Shareholders as to: (a) whether the Proposed Merger (including the Special Deal) and the Proposed Placement are fair and reasonable; and (b) whether to vote in favour of the Proposed Merger (including the Special Deal) and the Proposed Placement at the Haitong EGM and the relevant shareholders' class meetings. Please refer to the section headed "Letter from Haitong IBC" in this Joint Circular for details.

The Haitong IBC has approved and appointed Altus Capital Limited as its independent financial adviser to provide advice to the Haitong IBC in respect of the Proposed Merger (including the Special Deal) and Proposed Placement. For the opinions and advice of the Haitong IFA, please refer to the section headed "Letter from Haitong IFA" in this Joint Circular.

6 HAITONG EGM AND HAITONG H SHAREHOLDERS' CLASS MEETING

Haitong Securities will convene the Haitong EGM, the Haitong A Shareholders' Class Meeting and the Haitong H Shareholders' Class Meeting for Haitong Shareholders to consider and, if thought fit, approve matters including the Proposed Merger (including the Special Deal), the Proposed Placement and the withdrawal of listing of Haitong H Shares from the Hong Kong Stock Exchange (to be approved as part of the Proposed Merger at the Haitong EGM and Haitong H Shareholders' Class Meeting) and the withdrawal of listing of Haitong A Shares from the SSE (to be approved as part of the Proposed Merger at the Haitong EGM and Haitong A Shareholders' Class Meeting). The Haitong EGM will be held at 1:30 p.m. on Friday, 13 December 2024 at Conference Room 616, Block C, Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Shanghai, PRC. A notice of the Haitong EGM is set out on pages N-6 to N-10 of this Joint Circular. The Haitong H Shareholders' Class Meeting will be held at Conference Room 616, Block C, Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Shanghai, PRC immediately following the conclusion of the Haitong EGM and the Haitong A Shareholders' Class Meeting or any adjournment thereof. A notice of the Haitong H Shareholders' Class Meeting is set out on pages N-11 to N-14 of this Joint Circular.

Suspension of Registration of Share Transfers

The register of members of Haitong H Shares will be closed from Tuesday, 10 December 2024 to Friday, 13 December 2024 (both days inclusive), during which time no share transfers of Haitong H Shares will be effected. Holders of shares registered as Haitong H Shareholders on the H share register of members of Haitong Securities on Friday, 13 December 2024 are entitled to attend and vote in respect of all resolutions to be proposed at the Haitong EGM and the Haitong H Shareholders' Class Meeting. In order to attend the Haitong EGM and the Haitong H Shareholders' Class Meeting, holders of Haitong H Shares should ensure that the relevant share certificates, accompanied by all transfer documents, have been lodged with the H share registrar of Haitong Securities at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at no later than 4:30 p.m. on Monday, 9 December 2024.

For reference purpose only, the record date for determining the eligibility of holders of Haitong A Shares for attending the Haitong EGM and/or the Haitong A Shareholders' Class Meeting is Monday, 9 December 2024. For more details, please refer to the notices of the Haitong EGM and the Haitong A Shareholders' Class Meeting published on the website of the SSE (<http://www.sse.com.cn>).

Proxy Forms

The forms of proxy for the Haitong EGM and the Haitong H Shareholders' Class Meeting have been published on the website of Hong Kong Stock Exchange (www.hkexnews.hk).

Whether or not you intend to attend the Haitong EGM or the Haitong H Shareholders' Class Meeting, you are strongly urged to complete and return the proxy forms in accordance with the instructions printed thereon. To be valid, for holders of Haitong H Shares, the form of proxy and notarised power of attorney or other documents of authorisation must be delivered to the H share registrar of Haitong Securities not less than 24 hours before the time appointed for holding the Haitong EGM and the Haitong H Shareholders' Class Meeting (i.e. 1:30 p.m. and 2:30 p.m. on Thursday, 12 December 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Haitong EGM and/or the Haitong H Shareholders' Class Meeting in person.

Voting at the Haitong EGM and the Haitong H Shareholders' Class Meeting

According to Rule 13.39(4) of the Hong Kong Listing Rules and Rule 2.9 of the Takeovers Code, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the Haitong EGM and/or Haitong H Shareholders' Class Meeting will demand a poll in relation to all the proposed resolutions at the Haitong EGM and/or Haitong H Shareholders' Class Meeting in accordance with Article 122 of the Haitong Articles.

In addition, Haitong Securities reminds all Haitong Shareholders that physical attendance in person at the Haitong EGM and/or the Haitong H Shareholders' Class Meeting is not necessary for the purpose of exercising voting rights. Haitong Shareholders may appoint the chairman of the relevant meetings as their proxy to vote according to their indicated voting instructions as an alternative to attending the Haitong EGM and/or the Haitong H Shareholders' Class Meeting in person.

In respect of Haitong Securities – the Merger Agreement and the Proposed Merger

The Applicable Laws of the PRC do not require any Haitong Shareholders to abstain from voting in respect of the Proposed Merger and the Proposed Placement in the Haitong EGM, Haitong A Shareholders' Class Meeting or Haitong H Shareholders' Class Meeting.

Guotai Junan Securities (and its subsidiaries) hold certain Haitong A Shares amounting to approximately 0.14% of the total issued shares of Haitong Securities in its ordinary course of business and are required to abstain from voting on all resolutions at the Haitong EGM and Haitong A Shareholders' Class Meeting under the Applicable Laws of Hong Kong.

Under the Applicable Laws of the PRC, there are no restrictions imposed on any Haitong H Shareholder to cast votes on the relevant resolutions at the Haitong H Shareholders' Class Meeting. Any votes cast by a Haitong Shareholder who is not a Disinterested Haitong H Shareholder on the special resolutions relating to the Merger Agreement and the Proposed Merger (i.e. resolution number 1.1, including all sub-resolutions thereunder, and resolution numbers 1.3, 2 and 3) at the Haitong H Shareholders' Class Meeting will not be counted towards votes attaching to the Haitong H Shares held by the Disinterested Haitong H Shareholders for the purposes of Rule 2.10 of the Takeovers Code.

In respect of the BOCI Asia Haitong Put Option Arrangement as the Special Deal

A sub-resolution with respect to the Haitong Put Option arrangements (including the Special Deal) (i.e. sub-resolution number 2.1.10) will be put forward at the Haitong EGM for consideration, and if thought fit, approval as special resolutions by the requisite Haitong Shareholders under the Applicable Laws of the PRC. For the purposes of Rule 25 of the Takeovers Code, any votes cast by a Haitong Shareholder who is not an Independent Haitong Shareholder on the special resolution concerning the Haitong Put Option arrangements (including the Special Deal) (i.e. sub-resolution number 2.1.10) at the Haitong EGM will not be counted towards votes attaching to the Haitong Shares held by the Independent Haitong Shareholders.

7 TAXATION AND INDEPENDENT ADVICE

Haitong Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposed Merger or the exercise of the Haitong Put Option. None of Haitong Securities or its directors, officers or associates or any other person involved in the Proposed Merger accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons in respect of the Proposed Merger or other implications of any exercise of the Haitong Put Option.

Hong Kong Stamp Duty

In respect of the exchange of Haitong H Shares for Guotai Junan H Shares, when the Guotai Junan H Shares are issued, Haitong H Shares will be cancelled. Therefore, the Share Exchange under the Proposed Merger does not involve the sale and purchase of Hong Kong stock, and in this respect only, no stamp duty will be payable pursuant to the Stamp Duty Ordinance, Chapter 117 of the Laws of Hong Kong.

For the Haitong Dissenting Shareholders who are holders of Haitong H Shares and who exercise the Haitong Put Option, Hong Kong stamp duty is payable at the rate of 0.1% of the consideration. The stamp duty payable will be deducted from the cash received by such Haitong Dissenting Shareholders who exercise the Haitong Put Option.

8 OVERSEAS SHAREHOLDERS

The proposal and implementation of the Proposed Merger to Haitong Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Haitong Shareholders are located. Such overseas Haitong Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Haitong Shareholders wishing to take any action in relation to the Proposed Merger to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any approval by the Haitong Shareholders will be deemed to constitute a representation and warranty from such persons to Haitong Securities and their respective advisers that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

9 HAITONG DISSENTING SHAREHOLDERS WHOSE HAITONG H SHARES ARE HELD BY AGENT OR TRUSTEE OR HELD AS COLLATERAL

For Haitong Dissenting Shareholders whose Haitong H Shares are held by an agent or trustee or held as collateral, please refer to paragraph headed “13. Rights of Haitong Shareholders Dissenting from the Proposed Merger whose H Shares are held by Agent or Trustee or held as collateral” in Appendix VI to this Joint Circular.

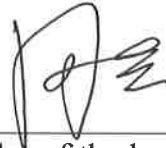
10 VIEWS AND RECOMMENDATION OF HAITONG BOARD

Having taken into account the reasons for and purpose of the Proposed Merger and the Proposed Placement and its effects as set out in “10. Reasons and Benefits of the Proposed Merger and the Proposed Placement” in the section headed “Terms and Information of the Proposed Merger and the Proposed Placement” in this Joint Circular, the Haitong Board (other than members of the Haitong IBC, whose views pursuant to the Takeovers Code are given in the section headed “Letter from Haitong IBC” in this Joint Circular) is of the view that the terms of the Proposed Merger (including the Special Deal) and the Proposed Placement are fair and reasonable and in the interests of Haitong Securities and its shareholders as a whole and have been decided through arm’s length negotiations by the parties. Having considered the terms of the Merger Agreement and taken into account advice from the Haitong IFA, the Haitong IBC is of the view that the Proposed Merger (including the Special Deal) and the Proposed Placement are fair and reasonable so far as the Independent Haitong Shareholders and the Disinterested Haitong H Shareholders are concerned; and it recommends the Independent Haitong Shareholders and the Disinterested Haitong H Shareholders to vote in favour of the Proposed Merger (including the Special Deal) and the Proposed Placement at the Haitong EGM and the Haitong H Shareholders’ Class Meeting.

Therefore, the Haitong Board recommends that the Haitong Shareholders vote in favour of the resolutions in relation to the Proposed Merger (including the Special Deal) and the Proposed Placement at the Haitong EGM and the relevant shareholders’ class meetings.

11 OTHER INFORMATION

Your attention is drawn to other information set out in the Appendices to this Joint Circular.



By order of the board of
Haitong Securities Co., Ltd.

Mr. Zhou Jie

Chairman