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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)

ANNOUNCEMENT

- (1) PROPOSED GRANT OF GENERAL MANDATE TO AUTHORISE,
ALLOT OR ISSUE A SHARES AND/OR H SHARES
- (2) PROJECTED ROUTINE RELATED PARTY TRANSACTIONS/
CONNECTED TRANSACTIONS IN 2023
- (3) PROVISION FOR IMPAIRMENT OF ASSETS
AND
- (4) PROPOSED ESTIMATED INVESTMENT AMOUNT FOR THE
PROPRIETARY BUSINESS OF THE COMPANY FOR 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Haitong Securities Co., Ltd. (the “**Company**”) hereby announces that:

I. PROPOSED GRANT OF GENERAL MANDATE TO AUTHORISE, ALLOT OR ISSUE A SHARES AND/OR H SHARES

The Board has resolved to propose a resolution regarding the grant of the general mandate to authorise, allot or issue A shares of the Company (the “**A Shares**”) and/or H shares of the Company (the “**H Shares**”) at the general meeting of the Company. Details of this general mandate are as follows:

1. In compliance with the regulations stipulated in the Company Law (the “**Company Law**”) of the People's Republic of China (the “**PRC**”), the Securities Law of the PRC (the “**Securities Law**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the articles of association of the Company (the “**Articles of Association**”), and subject to the terms and conditions set out in the following provisions (1), (2) and (3), it is proposed that the general meeting grant an unconditional general mandate to the Board to authorize, allot or issue A Shares and/or H Shares (including warrants, convertible bonds and other securities which carry rights to subscribe for or are convertible into shares) separately or concurrently, and to execute the necessary documents, complete the necessary formalities and take other necessary steps to complete the aforesaid matters:
 - (1) the mandate is valid for a period from the date of passing of this resolution at the general meeting to approve the grant of such mandate until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution at the general meeting;
- (b) the expiration of the 12-month period following the passing of this resolution at the general meeting; or
- (c) the date on which the general mandate granted to the Board under this resolution is revoked or varied by a resolution of the shareholders of the Company at any general meeting.

Should the Board, during the validity period of the mandate, execute necessary documents, complete necessary formalities or take relevant steps which might be required to be performed or carried out upon or after the expiration of the validity period or continued until the expiration of the validity period, the validity period of the mandate will be extended accordingly;

- (2) the respective number of the A Shares and/or H Shares which the Board proposes to authorize, allot or issue, or conditionally or unconditionally agrees to authorize, allot or issue (including warrants, convertible bonds and other securities that carry rights to subscribe for or are convertible into shares, which will be calculated based on the aggregate number of shares potentially convertible by them) shall not exceed 20% of the respective number of the A Shares and/or H Shares of the Company in issue as at the date of passing of the resolution approving the such mandate at the general meeting;
 - (3) the Board shall exercise the mandate pursuant to the Company Law, the Securities Law and the Hong Kong Listing Rules and all other applicable laws, regulations and requirements of any other government or regulatory authorities and with the approval by the China Securities Regulatory Commission (the “CSRC”) and/or other relevant governmental authorities in the PRC.
2. With respect to an issue of shares pursuant to the general mandate set out in this resolution, a proposal is made to the general meeting to authorise the Board to increase the Company’s registered capital corresponding to the number of shares issued under the general mandate, to make amendments to the Articles of Association where applicable and necessary in response to the increase of the Company’s registered capital, and to take any other necessary actions and complete any other necessary procedures.
 3. After the Board has obtained the aforesaid general mandate, a proposal is made to the general meeting to approve the Board to in turn authorize the chairman and the general manager of the Company to jointly or separately sign, execute, amend, complete and submit all agreements, contracts and documents relating to the recognition, allotment or issuance of shares under the general mandate, unless otherwise provided by laws and regulations.

A circular containing, among other things, details of the above resolution, together with the notice of general meeting, will be despatched to the shareholders of the Company in due course.

II. PROJECTED ROUTINE RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS IN 2023

The Company has been approved by CSRC to engage in securities business and provide trading and intermediary services for securities and other financial products. The transaction counterparties and the target clients may also include related parties/connected persons of the Company. For the purpose of sound management and information disclosure for its related party transactions/connected transactions, the Company, in accordance with the Company Law of the PRC, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the “**Shanghai Stock Exchange Listing Rules**”), the Guidelines No. 5 for the Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange on Transactions and Related Party Transactions, Hong Kong Listing Rules and requirements of other laws and regulations, as well as the Articles of Association and the Measures Concerning Related Party Transactions Management of the Company, has made projections about its routine related party transactions/connected transactions to be conducted in 2023 based on the need of its routine operations and business development.

(I) Approval procedures for related party/connected transactions

1. Approval by the Board

The Company convened the 36th Meeting of the seventh session of the Board of the Company on 30 March 2023, at which the Board considered and approved the Proposal regarding Projected Routine Related Party/Connected Transactions of the Company in 2023.

2. Prior approval and independent opinions of the independent Directors

The independent Directors of the Company granted prior approval and expressed the following independent opinions on the transaction: (1) the projected related party/connected transactions of the Company in 2023 are publicly available services or transactions provided by the Company in the securities market, and are conducted in the ordinary course of business of the Company at fair price, without prejudice to the interests of the Company or its minority shareholders; (2) carrying out the relevant business activities will promote the Company’s business growth, and is in line with the Company’s practical business needs and conducive to the Company’s long-term development; and (3) relevant related party transactions should be disclosed in relevant periodic reports of the Company under the Shanghai Stock Exchange Listing Rules.

3. *Approval by the Audit Committee*

The Audit Committee of the Board of the Company has reviewed the implementation of related party/connected transactions of the Company in 2022, approved the projection on the routine related party transactions of the Company in 2023, and agreed to submit it to the Board of the Company for consideration.

The above resolution is subject to the consideration and approval of the general meeting. A circular containing, among others, details of the above resolution, together the notice of general meeting will be despatched to the shareholders of the Company in due course.

(II) Implementation of Routine Related Party Transactions/Connected Transactions of the Company in 2022

1. *Continuing Connected Transactions under the Hong Kong Listing Rules*

Reference is made to the announcement of the Company dated 6 August 2020. The Company and Shanghai Guosheng (Group) Co., Ltd. (“**Shanghai Guosheng Group**”) entered into the Securities and Financial Products Transactions and Services Framework Agreement (the “**Framework Agreement**”) on 6 August 2020. The Framework Agreement specified the scope, pricing basis and approval and supervision procedures of the connected transactions and related services and set for the annual caps for such continuing connected transactions during the three years ended 31 December 2022.

The aforesaid Framework Agreement was considered and approved at the tenth meeting of the seventh session of the Board of the Company (extraordinary meeting). Pursuant to relevant laws and regulations and internal rules of the Company, Mr. TU Xuanxuan, a related Director, abstained from voting, and the independent non-executive Directors of the Company have expressed their prior approval opinions and independent opinions with respect to the signing of the Framework Agreement. The Company has made announcement and disclosed relevant Board approvals and execution of the Framework Agreement in accordance with the relevant requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

For the year ended 31 December 2022 (the “**Reporting Period**”), the continuing connected transactions in relation to the Securities and Financial Products Transactions and the Securities and Financial Services conducted between the Group and Shanghai Guosheng Group and its associates are as follows:

Unit: RMB'0,000

Transactions	Annual caps for the year ended 31 December 2022	Actual transaction amount for the year ended 31 December 2022
Securities and Financial Products		
Transactions		
Inflow ⁽¹⁾	290,000.00	14,041.75
Outflow ⁽²⁾	540,000.00	2,943.45
Securities and Financial Services		
Revenue derived	7,000.00	671.46
Expenses incurred	2,000.00	—

- (1) “Inflow” refers to the total amount of cash inflows of the Group arising from the Securities and Financial Products Transactions, including the sale of fixed income products and equity products, the interest received from derivatives related to fixed income products and borrowing/repurchase through financing transactions.
- (2) “Outflow” refers to the total amount of cash outflows of the Group arising from the Securities and Financial Products Transactions, including the purchase of fixed income products and equity products, the interest paid for derivatives related to fixed income products and borrowing/repurchase through financing transactions.

The auditor engaged by the Company, PricewaterhouseCoopers, has performed review procedures on the above continuing connected transactions, and issued an assurance report to the Board confirming that: (1) nothing has come to their attention that causes them to believe that the continuing connected transactions disclosed have not been approved by the Board; (2) in relation to the transactions regarding provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (3) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the agreements governing such transactions; and (4) in relation to the total amount of continuing connected transactions set out in the above table, nothing has come to their attention that causes them to believe that the amount of such continuing connected transactions exceeded the annual caps set by the Company.

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions, and confirmed that such transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the agreements governing such transactions, the terms of which are fair and reasonable, and are in the interest of the Shareholders as a whole.

2. ***Routine Related Party Transactions under the Shanghai Stock Exchange Listing Rules***

- (1) Related party transactions with Shanghai Guosheng Group and Shanghai Guosheng Group Assets Co., Ltd.

Unit: RMB'0,000

Transaction	Transaction amount for the year ended 31 December 2022	Percentage of the amount of similar transactions	Remarks
Net fee and commission income	189.58	0.02%	Asset management fee and commission income received from related parties
Net fee and commission income	12.31	0.00%	Securities trading fee and commission income received from related parties
Net interest income	80.24	0.01%	Net interest income from margin deposits of related parties
Net gains or losses from trading of derivative financial instruments (note)	625.28	N/A	During the Reporting Period, the notional principal amounts was RMB171 million, and as at 31 December 2022, the balance of notional principal amounts was RMB57 million.

Note: The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company, with losses presented in negative value.

Unit: RMB'0,000

Item	Balance as at 31 December 2022	Percentage of the amount of similar transactions	Remarks
Receivables	68.43	0.01%	Balance of service fees receivable from related parties
Accounts payable to brokerage clients	0.92	0.00%	Balance of margin deposits from clients placed by related parties
Payables	5,698.00	0.50%	Balance of margin deposits payable by the Company to related parties on derivative financial instruments
Derivative financial assets	231.00	0.16%	Balance of derivative financial assets generated from trading of derivatives with related parties

- (2) *Related party transactions with companies (other than the Company and its subsidiaries), where the Company's Directors, supervisors and senior management hold positions as directors or senior management, and other related corporate legal persons*

Unit: RMB'0,000

Transaction	Transaction amount for the year ended 31 December 2022	Percentage of the amount of similar transactions	Remarks
Net fee and commission income	28,404.88	2.45%	Income from assets management business, income from sales service and income from investment consulting service received from related parties
Net fee and commission income	82.07	0.01%	Securities trading fee and commission income received from related parties
Net interest income	56.21	0.01%	Net interest income from margin deposits of related parties
Business and management expenses	1.10	0.00%	Expenses such as fund sales service fees paid to related parties
Net gains or losses from trading of derivative financial instruments (note)	10,133.61	N/A	During the Reporting Period, the notional principal amounts was RMB42,316 million, and as at 31 December 2022, the balance of notional principal amounts was RMB4,186 million.

Note: The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company, with losses presented in negative value.

Unit: RMB'0,000

Item	Balance as at 31 December 2022	Percentage of the amount of similar transactions	Remarks
Receivables	2,066.80	0.20%	Balance of performance fees and advance business margin receivable from related parties, etc.
Payables	3.04	0.00%	Balance of business service fee and business margin to be paid payable to related parties
Accounts payable to brokerage clients	5,484.72	0.05%	Balance of margin deposits from clients placed by related parties
Derivative financial assets	1,543.32	1.04%	Balance of derivative financial assets from derivative trading with related parties
Derivative financial liabilities	228.53	0.25%	Balance of derivative financial liabilities from derivative trading with related parties
Financial liabilities held for trading	28.59	0.00%	Balance of financial liabilities held for trading generated from trading of derivatives with related parties

Certain related legal persons which are securities companies carried out spot trading with the Company as qualified counterparties. During the Reporting Period, the total trading amount was RMB10,521 million.

(III) Projected Transaction Amount and Transaction Type of the Routine Related Party Transactions/Connected Transactions in 2023

The Company estimated the related party transactions/connected transactions for the year of 2023 and for the period ending conclusion of the 2023 annual general meeting.

1. *Shanghai Guosheng Group and its Associates*

Reference is made to the announcement of the Company dated 30 December 2022. The Company and Shanghai Guosheng Group renewed the Continuing Connected Transactions Framework Agreement on 30 December 2022, pursuant to which, the Group and Shanghai Guosheng Group and its associates will continue to conduct the Securities and Financial Products Transactions and the Securities and Financial Services in the course of ordinary business. For details of the transaction types and annual caps for each transaction type for the three years ending 31 December 2025, please refer to the announcement of the Company dated 30 December 2022.

2. *Related party transactions with companies (other than the Company and its subsidiaries), where the Company's Directors, supervisors and senior management hold positions as directors or senior management, and other related corporate legal persons*

Type of transaction	Scope of transaction	Caps for and descriptions of projected transaction
Securities and Financial Product Services	Providing securities and futures brokerage services, lease of trading rights, targeted asset management services, asset custody and operation outsourcing services to related parties; bank deposits and deposit interest in related parties; providing third-party fund depository services by related parties; agency sale of financial products of related parties; providing underwriting, sponsorship and financial consultation services to related parties; providing stock pledge, margin financing and securities lending services to related parties; providing investment consultation services to related parties; related parties providing banking credit, borrowing and other services to the Company; providing financial leasing to related parties; paying dividends to related parties and making joint investment with related parties.	Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount.

Type of transaction	Scope of transaction	Caps for and descriptions of projected transaction
Securities and Financial Product Transactions	Resale or repurchase in the interbank market with related parties; conducting bond proprietary trading in the interbank market with related parties; carrying out receivables transfer with related parties; subscribing for bonds, funds, wealth management products or trust plans issued by related parties; related parties subscribing for funds, asset management plans, wealth management products, over-the-counter derivatives and private placement bonds issued by the Company; conducting transfer of the listed shares in the NEEQ with related parties and making joint investment with related parties.	Due to uncertainties of the occurrence and volume of such business, the projected cap will be the actual transaction amount.

(IV) Background of the Related Parties and their Related Parties Relationship in respect of the Related Party Transactions/Connected Transactions in 2023

1. Shanghai Guosheng (Group) Co., Ltd. and its Associates

Shanghai Guosheng (Group) Co., Ltd. is a large state-owned investment holding company focusing on capital operation, which was established in April 2007. As at 31 December 2022, Shanghai Guosheng (Group) Co., Ltd. and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., in aggregate held 10.38% equity interest of the Company. According to Rule 6.3.3(2)(4) of the Shanghai Stock Exchange Listing Rules, Shanghai Guosheng (Group) Co., Ltd. and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., constitute related parties of the Company. Shanghai Guosheng (Group) Co., Ltd. and its associates constitute connected persons of the Company pursuant to Rules 14A.07(1) and (4) and 14A.13(1) of the Hong Kong Listing Rules.

2. Other related companies

Pursuant to Rule 6.3.3(2)(3) of the Shanghai Stock Exchange Listing Rules, in the event that the Directors (excluding those who are independent directors of both parties), supervisors and senior management of the Company hold the positions of directors or senior management of a company (other than the Company, its majority-owned subsidiaries or other entities controlled by it), such company will constitute a related party of the Company, but will not constitute a connected person of the Company under the Hong Kong Listing rules.

(V) Pricing Principles

1. *Securities and financial services*

It mainly includes but not limited to the following services arising from relevant business: fee charged from securities brokerage on behalf of client, sales and service fees of securities and financial products, entrusted assets management fee and performance-based compensation, investment consulting fee, underwriting fees of investment banks, financial advisory fees, accounts receivable, and accounts payable etc., which shall be determined with reference of market price, industry practice and prices determined by the third party.

2. *Trading in securities and financial products*

It mainly includes but not limited to the following transactions arising from relevant business: interest income from security deposits, income from investments, and trading financial assets etc., which shall be determined with reference to market price, industry practice and prices determined by the third party.

The above routine related party/connected transactions will not prejudice the interests of the Company and its shareholders, including its minority shareholders.

(VI) Reasons of the Transactions and Impact on the Company

1. The above related party transactions/connected transactions are conducted in the ordinary course of the Company's business and will generate a stream of recurring revenue for the Company, which promotes the development of the Company's business, and has no material impact on the normal operations of the Company.
2. The above related party transactions/connected transactions are fair, and the prices under these transactions are made reference to the market price, therefore do not prejudice the interest of the Company;
3. The above related party transactions/connected transactions do not prejudice the independence of the Company as the principal business of the Company does not rely on the related parties/connected persons as a result of the above related party transactions/connected transactions.

(VII) Implications under the Hong Kong Listing Rules

Shanghai Guosheng Group constitutes a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the transactions entered into between the Group and Shanghai Guosheng Group and its associates constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The Company has entered into the Continuing Connected Transactions Framework Agreement with Shanghai Guosheng Group on 6 August 2020 and renewed the Continuing Connected Transactions Framework Agreement on 30 December 2022, and complied with reporting, announcement and annual review requirements under the Hong Kong Listing Rules. For further details, please refer to the announcements of the Company dated 6 August 2020 and 30 December 2022 and the annual results announcement of the Company dated 30 March 2023, respectively.

The Company is required by the applicable PRC laws and regulations to seek the approval of its shareholders with respect to the above related party transactions. Relevant resolution will be proposed to the shareholders for voting at the general meeting of the Company. A circular containing, among other things, details of the above resolution, together with the notice of general meeting, will be despatched to the shareholders of the Company in due course.

If any of the above related party transactions constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules or no longer be exempted, the Company will strictly comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules (including without limitation, reporting, announcement, annual review and independent shareholders' approval requirements).

III. PROVISION FOR IMPAIRMENT OF ASSETS

1. Overview of the Provision for Asset Impairment

According to relevant provisions under the Accounting Standards for Business Enterprises and the accounting policies of the Company, to truly and fairly reflect the financial position of the Company as of 31 December 2022 and the operating results for 2022, the Company and its subsidiaries made assessment and impairment test on the expected credit loss of various assets which required provision for impairment as of 31 December 2022. In 2022, the Company made provision for impairment losses of RMB1,665.6489 million and made provision for impairment losses on other assets of RMB65.1210 million. The Company made provision for impairment losses on assets of RMB1,730.7699 million in total, accounting for over 10% of the audited net profit of the Company for the year 2021, with details set out as follows:

Unit: RMB'0,000

Item	Provision amount in 2022
I. Credit impairment loss	166,564.89
Of which: Finance lease receivables	119,523.26
Long-term receivables	50,301.24
Advances to customers on margin financing	43,904.44
Other loans and receivables	34,290.56
Receivables	13,988.28
Financial assets held under resale agreements	-95,383.58
Others	-59.31
II. Impairment losses on other assets	6,512.10
Total	173,076.99

2. Impact of Provision for Impairment of Assets on the Company

In 2022, the Company made a provision for asset impairment of RMB1,730.7699 million in total, as a result of which, the Company recorded a decrease of RMB1,730.7699 million and RMB1,406.0592 million in the total profit and net profit, respectively.

3. Details of Provision for Impairment of Assets

(1). Finance lease receivables

The Company made a provision for impairment of finance lease receivables of RMB1,195 million in 2022.

For financial leasing business, the Company assessed the related expected credit loss and determined the corresponding provision for credit loss according to the changes in credit risks of finance lease receivables, and calculated the expected credit loss using Probability of Default (PD)/Loss Given Default (LGD) or an individual impairment assessment and made the provision for relevant impairment.

(2). Long-term receivables

The Company made a provision for impairment of long-term receivables of RMB503 million in 2022.

For sale and leaseback business, the Company assessed the related expected credit loss and determined the corresponding provision for credit loss according to the changes in credit risks of long-term receivables, and calculated the expected credit loss using Probability of Default (PD)/Loss Given Default (LGD) or an individual impairment assessment and made the provision for relevant impairment.

(3). Advances to customers on margin financing

The Company made a provision for impairment of advances to customers on margin financing of RMB439 million in 2022.

For the business of advances to customers on margin financing, the Company comprehensively assessed the expected recoverable cash flow of financing entities according to the characteristics of financing entities and changes in expected disposal and realization of collateralized securities, and calculated the related expected credit loss using Probability of Default (PD)/Loss Given Default (LGD) or an individual impairment assessment, and made the provision for relevant impairment.

(4). Other loans and receivables

The Company made a provision for impairment of other loans and receivables of RMB343 million in 2022.

For other loans and receivables, the Company comprehensively assessed the recoverability of other loans and receivables according to the latest status of other loans and receivables, public or available information related to the borrowers, value of collaterals and pledges, latest financial position of the borrowers and guarantors and other factors, and made the provision for impairment according to the difference between the recoverable amount and the outstanding loan amount at the end of the period.

(5). *Receivables*

The Company made a provision for impairment of receivables of RMB140 million in 2022.

For receivables, the Company assessed the credit qualification and comprehensively assessed the expected recoverable cash flow of receivables subject according to the financial condition of the receivables subject, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions, and made the provision for relevant impairment using Probability of Default (PD)/Loss Given Default (LGD) or the simplified method permitted by the Accounting Standards for Business Enterprises.

(6). *Financial assets held under resale agreements*

The Company made a provision for impairment of financial assets held under resale agreements of RMB-954 million in 2022.

For stock pledge and repo business, the Company calculated the related expected credit loss using Probability of Default (PD)/Loss Given Default (LGD) or an individual impairment assessment, comprehensively assessed the expected recoverable cash flow of the financing entities according to the expected disposed and realized values of collateralized securities and made the provision for impairment of the part expected to fail to cover the risk exposure after discount.

(7). *Others*

In addition to the asset impairment losses on the above finance lease receivables, long-term receivables, advances to customers on margin financing, other loans and receivables, receivables and financial assets held under resale agreements, the Company identified and assessed other various credit risks it faced and carried out impairment test on other assets in accordance with the nature of other various businesses. According to the Accounting Standards for Business Enterprises and the Company's relevant accounting policies and administrative measures, the Company made a provision for impairment of others of RMB65 million in total in 2022.

4. *Opinions of Independent Directors on the Company's Provision for Asset Impairment*

The independent non-executive Directors of the Company believed that the provision made by the Company for asset impairment is in line with relevant provisions under the Accounting Standards for Business Enterprises and the Company's accounting policies, and truthfully and fairly reflects the financial position of the Company as at 31 December 2022 and operating results for 2022, which will provide investors with more authentic, reliable and accurate accounting information and is in the interests of the Company and its minority shareholders. The Company's provision for asset impairment was approved.

5. Opinions of the Audit Committee Under the Board on the Company's Provision for Asset Impairment

The Proposal on the Provision for Asset Impairment was considered and approved at the meeting of the audit committee of the seventh session of the Board of the Company (the "Audit Committee") approving the annual report for 2022. The Audit Committee is of the view that the provision made by the Company for asset impairment is in line with relevant provisions under the Accounting Standards for Business Enterprises and the Company's accounting policies, and truthfully and fairly reflects the financial position of the Company as at 31 December 2022 and operating results for 2022 and could reflect the Company's actual assets and financial position in a fairer manner. The Company's provision for asset impairment was approved.

6. Opinions of the Board on the Company's Provision for Asset Impairment

The Proposal on the Provision for Asset Impairment was considered and approved at the 36th meeting of the seventh session of the Board of the Company. The Board is of the view that the provision made by the Company for asset impairment is in line with relevant provisions under the Accounting Standards for Business Enterprises and the Company's accounting policies and truly and fairly reflects the financial position of the Company as at 31 December 2022 and operating results for 2022. Currently, the Company has stable businesses, sound asset structure and strong liquidity in a normal operating condition, with various risk control indicators conforming to regulatory requirements. The Board approved the Company's provision for asset impairment.

7. Opinions of the Supervisory Committee on the Company's Provision for Asset Impairment

The Proposal on the Provision for Asset Impairment was considered and approved at the 22nd meeting of the seventh session of the supervisory committee of the Company. The Supervisory Committee is of the view that the provision made by the Company for asset impairment is in line with relevant provisions under the Accounting Standards for Business Enterprises and the Company's accounting policies, truly and fairly reflects the financial position of the Company as at 31 December 2022 and operating results for 2022, which will provide investors with more authentic, reliable and accurate accounting information and is in line with the interests of the Company and minority shareholders. The Supervisory Committee approved the Company's provision for asset impairment.

IV. PROPOSED ESTIMATED INVESTMENT AMOUNT FOR THE PROPRIETARY BUSINESS OF THE COMPANY FOR 2023

The proprietary investment business is one of the primary business activities of the Company. In order to facilitate proprietary investment business flexibly and adjust the proprietary investment scale based on the market fluctuation and the proprietary investment strategy after taking into account the macro-economic and securities market conditions, it is proposed that the following matters be approved:

1. The limits on the Company's proprietary investment business for 2023 shall be as follows:
 - (1) proprietary investment in equity securities and their derivatives shall not exceed 80% of the net capital of the Company last year; and
 - (2) proprietary investment in non-equity securities and their derivatives shall not exceed 400% of the net capital of the Company last year.
2. The management of the Company shall be authorized to determine and adjust the Company's annual assets and liabilities allocation plan within the abovementioned limits after considering the market opportunities and the Company's actual conditions, subject to the relevant requirements in relation to proprietary business management and risk management of the CSRC.

The above limits exclude long-term equity investment and passive position arising from underwriting business and securities margin trading of the Company. The investment amount for the proprietary investment business of the Company shall be calculated according to the formula of the Administrative Measures for Risk Control Indicators of Securities Companies (Revised in 2020) (《證券公司風險控制指標管理辦法(2020年修正)》) and the Calculation Standards for Risk Control Indicators of Securities Companies (2020) (《證券公司風險控制指標計算標準規定(2020)》) issued by the CSRC.

The above resolution is subject to the approval of shareholders at the general meeting of the Company. A circular containing, among other things, details of the above resolution, together with the notice of general meeting, will be despatched to the shareholders of the Company in due course.

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

Shanghai, the PRC
30 March 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. YU Liping and Mr. XU Jianguo; and the independent non-executive Directors of the Company are Mr. ZHANG Ming, Mr. LAM Lee G., Mr. ZHU Hongchao and Mr. ZHOU Yu.

* For identification purpose only