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# 中信证券股份有限公司 CITIC Securities Company Limited

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

(Stock Code: 6030)

## ANNOUNCEMENT IN RELATION TO PROVISION FOR OTHER ASSET IMPAIRMENT LOSSES

This announcement is made by CITIC Securities Company Limited (the “Company”) pursuant to Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Listing Rules.

### I. SUMMARY OF THE PROVISION FOR OTHER ASSET IMPAIRMENT LOSSES

According to the Accounting Standards for Business Enterprises and the accounting policies of the Company, and in order to truly and fairly reflect the financial position of the Company as of 31 December 2021 and the operating results of the Company for the year 2021, the Company and its subsidiaries made prudent assessment on the impairment losses of various assets for which the provision for impairment are required to be made as at 31 December 2021. The Company made provision for other asset impairment losses for the year 2021 with a total amount of RMB2,605 million, representing an impact on the net profit of more than 10% of the audited net profit of the Company for the year 2021. The details are set out as follows:

Items	<i>In RMB ten thousand</i>
	<b>Provision amount for 2021</b>
Long-term equity investments	5,665.45
Fixed assets	8,007.15
Intangible assets	28,471.93
Goodwill	206,890.32
Inventory	11,428.38
<b>Total</b>	<b>260,463.23</b>

## **II. THE IMPACT OF PROVISION FOR OTHER ASSET IMPAIRMENT LOSSES ON THE COMPANY**

The Company made provision for other asset impairment losses of RMB2,605 million in the consolidated financial statements for the year 2021, resulting in a reduction of RMB2,605 million in profit before income tax and a reduction of RMB2,440 million in net profit.

## **III. DETAILS OF PROVISION FOR OTHER ASSET IMPAIRMENT LOSSES**

### **1. Long-term equity investments**

The Company made provision for impairment of long-term equity investments of RMB57 million in 2021, while no provision was provided for in 2020.

### **2. Fixed assets**

The Company made provision for impairment of fixed assets of RMB80 million in 2021, while no provision was provided for in 2020.

### **3. Intangible assets**

The Company made provision for impairment of intangible assets of RMB285 million in 2021, while RMB5.7 thousand was provided for in 2020.

### **4. Goodwill**

The Company made provision for impairment of goodwill of RMB2,069 million in 2021, while RMB81 million was provided for in 2020.

### **5. Inventory**

The Company made provision for inventory write down of RMB114 million in 2021, while RMB322 million was provided for in 2020.

## **IV. OPINIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS ON THE COMPANY'S PROVISION FOR OTHER ASSET IMPAIRMENT LOSSES**

The independent non-executive directors of the Company have given independent opinions of consent in relation to the impairment. The independent non-executive directors of the Company are of the view that, the deliberation and voting procedures comply with relevant laws and regulations and the articles of association of the Company when the board of directors of the Company (the “**Board**”) considers and confirms the provision for other asset impairment losses in 2021, and the provision for other asset impairment losses was made by

the Company on a prudent basis, which is in compliance with the relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company. It truly and fairly reflects the financial position and the operating results of the Company, and does not prejudice the interests of the Company and all of its shareholders, especially the minority shareholders.

## **V. OPINIONS OF THE AUDIT COMMITTEE ON THE COMPANY'S PROVISION FOR OTHER ASSET IMPAIRMENT LOSSES**

The audit committee under the Board agrees on the Company's provision for other asset impairment losses, and is of the view that the provision for other asset impairment losses is in compliance with relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company. It truly and fairly reflects the operating results of the Company for the year 2021 and could fairly reflect the actual condition of assets and financial position of the Company.

## **VI. OPINIONS OF THE BOARD ON THE COMPANY'S PROVISION FOR OTHER ASSET IMPAIRMENT LOSSES**

The Board is of the view that the Company's provision for other asset impairment losses is based on and in compliance with the relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company with sufficient basis, and could fairly reflect the actual condition of assets and financial position of the Company.

## **VII. OPINIONS OF THE SUPERVISORY COMMITTEE ON THE COMPANY'S PROVISION FOR OTHER ASSET IMPAIRMENT LOSSES**

The supervisory committee of the Company agrees on the provision for other asset impairment losses, and is of the view that the Company's provision for other asset impairment losses is in compliance with the relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company, which could fairly reflect the actual condition of assets and financial position of the Company, and the decision-making process of the Board in relation to the provision for other asset impairment losses is in compliance with the requirements of relevant laws and regulations.

By order of the Board  
**CITIC Securities Company Limited**  
**ZHANG Youjun**  
*Chairman*

Beijing, the PRC  
28 March 2022

*As at the date of this announcement, the executive directors of the Company are Mr. ZHANG Youjun and Mr. YANG Minghui; the non-executive director is Mr. WANG Shuhui; and the independent non-executive directors are Mr. ZHOU Zhonghui and Mr. LI Qing.*