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光大證券股份有限公司
Everbright Securities Company Limited

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

(Stock Code: 6178)

**ANNOUNCEMENT IN RELATION TO THE PROVISIONS FOR ASSET
IMPAIRMENT**

This announcement is made by Everbright Securities Company Limited (the “**Company**”) pursuant to the 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 (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2) and Rule 13.10B of the Listing Rules.

I. SUMMARY OF THE PROVISIONS FOR ASSET IMPAIRMENT

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises and the accounting policies of the Company, the Company conducted preliminary assessments on the items or financial assets included in the scope of consolidation. The details of provisions for asset impairment in 2023 are shown in the table below:

Unit: RMB Yuan in ten thousands

Items	Provisions for asset impairment in 2023 (negative figures represent reversal)
1. Margin accounts receivable	2,230
2. Financial assets held under resale agreements	-1,407
3. Debt investments	28
4. Other debt investments	1,662
5. Accounts receivable (including other receivables)	10,400
6. Finance lease receivables	8,539
7. Bulk commodity trading inventories	2,489
8. Goodwill	31,518
9. Other assets	11,398
Total	66,857

II. IMPACT OF THE PROVISIONS FOR ASSET IMPAIRMENT ON THE COMPANY

In 2023, the Company made provisions for asset impairment of RMB668.57 million, exceeding 10% of the Company's audited net profit for the previous fiscal year, which reduced total profit by RMB668.57 million and net profit by approximately RMB640.34 million. For details of the Company's 2023 annual results, please refer to the announcement on preliminary financial data for the year of 2023 of the Company dated January 24, 2024, and the key financial data for the year of 2023 as set out therein are preliminary data, which have not been audited by the reporting accountants. The final data shall be subject to the audited 2023 annual report to be duly disclosed by the Company.

III. DETAILS ON THE PROVISIONS FOR ASSET IMPAIRMENT

(1) Margin Accounts Receivable

In 2023, the Company and its wholly-owned subsidiaries made provisions for credit impairment of margin accounts receivable of RMB22.30 million, mainly due to the provisions for impairment based on the estimated recoverable amount of credit-impaired items and under the expected credit loss model.

(2) Financial Assets Held Under Resale Agreements

In 2023, the Company reversed provisions for credit impairment of financial assets held under resale agreements of RMB14.07 million, mainly due to the recovery of part of the amount of certain credit-impaired pledged stocks.

(3) Debt Investments

In 2023, the Company made provisions for credit impairment of debt investments of RMB0.28 million, mainly due to the provisions for impairment under the expected credit loss model.

(4) Other Debt Investments

In 2023, the Company made provisions for credit impairment of other debt investments of RMB16.62 million, mainly due to the provisions for impairment under the expected credit loss model.

(5) Accounts Receivable (Including Other Receivables)

In 2023, the Company and its wholly-owned subsidiaries made provisions for credit impairment of accounts receivable (including other receivables) of RMB104.00 million, mainly due to the provisions for impairment based on the difference between the book value and the estimated recoverable amount of the credit-impaired accounts receivable (including other receivables), after estimating their recoverable amount.

(6) Finance Lease Receivables

In 2023, the majority-owned subsidiaries of the Company made provisions for credit impairment of finance lease receivables of RMB85.39 million, mainly due to the provisions for impairment based on the difference between the book value and the estimated recoverable amount of the credit-impaired finance lease receivables after estimating their recoverable amount.

(7) Bulk Commodity Trading Inventories

In 2023, the wholly-owned subsidiaries of the Company made provisions for impairment loss of inventories of RMB24.89 million, mainly due to the provisions for impairment loss of inventories according to the changes in the net realizable value of the items subject to default.

(8) Goodwill

The carrying value of the goodwill of Everbright Securities International Holdings Limited (“EBSI”), a wholly-owned subsidiary of the Company, mainly arose from the acquisition of China Everbright Securities International Limited and Everbright Securities International (HK) Limited, which was allocated to the wealth management business.

In 2023, EBSI made provisions for impairment loss of goodwill of RMB315.18 million, due to the provisions for impairment based on the difference between the recoverable amount of the asset group of the wealth management business based on the discounted future cash flow method and the sum of the net book value of the asset group and net book value of goodwill.

(9) Other Assets

In 2023, the wholly-owned subsidiaries of the Company made provisions for credit impairment of other assets of RMB113.98 million, mainly due to the provisions for impairment under the expected credit loss model.

IV. OPINIONS OF INDEPENDENT DIRECTORS ON THE PROVISIONS FOR ASSET IMPAIRMENT

The provisions for asset impairment are based on the principle of prudence and in compliance with the relevant provisions of the Accounting Standards for Business Enterprises and the accounting policies of the Company, and do not prejudice the interest of the Company and its shareholders as a whole, in particular the interest of minority shareholders.

V. OPINIONS OF THE AUDIT AND RELATED PARTY TRANSACTION CONTROL COMMITTEE OF THE BOARD ON THE PROVISIONS FOR ASSET IMPAIRMENT

The provisions for asset impairment are based on the principle of prudence and in compliance with the provisions of the Accounting Standards for Business Enterprises and the accounting policies of the Company, and do not prejudice the interest of the Company and its shareholders as a whole, in particular the interest of minority shareholders.

VI. OPINIONS OF THE SUPERVISORY COMMITTEE ON THE PROVISIONS FOR ASSET IMPAIRMENT

The provisions for asset impairment are based on the principle of prudence and in compliance with the provisions of the Accounting Standards for Business Enterprises and the accounting policies of the Company, and do not prejudice the interest of the Company and its shareholders as a whole, in particular the interest of minority shareholders. The decision-making process of provisions for asset impairment is proper and is in compliance with the relevant laws and regulations and the Articles of Association of the Company.

VII. RISK WARNING

The above matters are the preliminary assessments by the Company on the provisions for asset impairment for the year of 2023, which may differ from those to be disclosed in the 2023 annual report of the Company. The final impairment provisions are subject to the audited 2023 annual report. The Company will perform its information disclosure obligations in a timely manner in accordance with relevant laws and regulations. Investors are reminded of the investment risks.

By order of the Board
Everbright Securities Company Limited
Zhao Ling
Chairman

Shanghai, the PRC
January 24, 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhao Ling (Chairman, Executive Director), Mr. Liu Qiuming (Executive Director, President), Mr. Song Bingfang (Non-executive Director), Mr. Yin Yanwu (Non-executive Director), Mr. Chan Ming Kin (Non-executive Director), Mr. Xie Song (Non-executive Director), Mr. Wang Yong (Independent Non-executive Director), Mr. Po Wai Kwong (Independent Non-executive Director), Mr. Ren Yongping (Independent Non-executive Director), Mr. Yin Junming (Independent Non-executive Director) and Mr. Liu Yunhong (Independent Non-executive Director).