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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 IN RELATION TO PROVISION FOR ASSET IMPAIRMENT AND WRITE-OFF OF ASSETS

This announcement is made by Haitong Securities Co., Ltd. (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 Rule 13.09(2) and Rule 13.10B of the Listing Rules.

In accordance with the relevant provisions under the Accounting Standards for Business Enterprises and the Company’s accounting policies, the Company and its subsidiaries made assessment on various assets subject to impairment as of 31 March 2024 and wrote off certain assets that were expected to be unrecoverable as of 31 March 2024. The details are as follows:

I. PROVISION FOR ASSET IMPAIRMENT

From January 2024 to March 2024, the Company made provision for credit impairment losses of RMB261.3928 million, and reversed other asset impairment losses of RMB1.8916 million. The Company made provision for asset impairment losses of RMB259.5012 million in total, accounting for over 10% of the audited net profit of the Company for the year 2023.

Unit: RMB’0,000

Items	Provision amount from January 2024 to March 2024
I. Credit impairment losses	26,139.28
Of which: Finance lease receivables	15,925.84
Long-term receivables	9,427.67
Others	785.77
II. Other asset impairment losses	-189.16
Total	25,950.12

1. Finance lease receivables

The Company made a provision for impairment of finance lease receivables of RMB159 million from January 2024 to March 2024.

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

2. Long-term receivables

The Company made a provision for impairment of long-term receivables of RMB94 million from January 2024 to March 2024.

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

3. Others

In addition to the asset impairment losses on the above finance lease receivables, long-term receivables and others, the Company identified and assessed other various credit risks it faced and carried out impairment tests on other assets in accordance with the nature of other various business lines. 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 RMB6 million in total from January 2024 to March 2024.

II. WRITE-OFF OF ASSETS

The Company wrote off certain finance lease receivables and long-term receivables that were expected to be unrecoverable of RMB131.8568 million in total from January 2024 to March 2024.

	<i>Unit: RMB' 0,000</i>
	Write-off amount from January 2024 to March 2024
Items	
Finance lease receivables	11,157.08
Long-term receivables	2,028.60
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Total	13,185.68
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1. Finance lease receivables

The Company classifies finance lease receivables from micro, small and medium-sized enterprise and individual customers which cannot be recovered after more than 180 days of collection efforts or through lawsuits and any other practical means as small-amount bad debts according to the Administrative Measures for the Write-off of Bad Debts of Financial Enterprises (《金融企業呆賬核銷管理辦法》), the Accounting Standards for Business Enterprises and other relevant requirements. The Company wrote off finance lease receivables of RMB112 million from January to March 2024.

2. Long-term receivables

The Company classifies long-term receivables from micro, small and medium-sized enterprise customers which cannot be recovered after more than 180 days of collection efforts or through lawsuits and any other practical means as small-amount bad debts according to the Administrative Measures for the Write-off of Bad Debts of Financial Enterprises, the Accounting Standards for Business Enterprises and other relevant requirements. The Company wrote off long-term receivables of RMB20 million from January 2024 to March 2024.

III. THE IMPACT OF PROVISION FOR ASSET IMPAIRMENT AND WRITE-OFF OF ASSETS ON THE COMPANY

From January 2024 to March 2024, the Company made a provision for asset impairment of RMB259.5012 million and wrote off assets of RMB131.8568 million, as a result of which, the Company recorded a decrease of RMB259.5012 million and RMB161.5807 million in the total profit and net profit, respectively.

IV. OPINIONS OF THE AUDIT COMMITTEE UNDER THE BOARD ON THE COMPANY'S PROVISION FOR ASSET IMPAIRMENT AND WRITE-OFF OF ASSETS

The audit committee (the “**Audit Committee**”) of the eighth session of the board of directors (the “**Board**”) of the Company considered and approved the Proposal on the Provision for Asset Impairment and Write-off of Assets of the Company at its fourth (first quarterly report) meeting in 2024. The Audit Committee is of the view that the provision for asset impairment and write-off of assets made by the Company are in compliance with relevant provisions under the Accounting Standards for Business Enterprises and the Company’s accounting policies, and in line with the accounting prudence principle. The Audit Committee approved the Company’s provision for asset impairment and write-off of assets.

V. OPINIONS OF THE BOARD ON THE COMPANY'S PROVISION FOR ASSET IMPAIRMENT AND WRITE-OFF OF ASSETS

The fifth meeting of the eighth session of the Board considered and approved the Proposal on the Provision for Asset Impairment and Write-off of Assets of the Company. The Board is of the view that the provision for asset impairment and write-off of assets made by the Company are in compliance with relevant provisions under the Accounting Standards for Business Enterprises and the Company’s accounting policies, the basis of the provision and write-off is sufficient, and the decision-making procedures are in compliance with laws, regulations, the Articles of Association and other provisions. The Board approved the Company’s provision for asset impairment and write-off of assets.

VI. OPINIONS OF THE SUPERVISORY COMMITTEE ON THE COMPANY'S PROVISION FOR ASSET IMPAIRMENT AND WRITE-OFF OF ASSETS

The fifth meeting of the eighth session of the supervisory committee (the “**Supervisory Committee**”) of the Company considered and approved the Proposal on the Provision for Asset Impairment and Write-off of Assets of the Company. The Supervisory Committee is of the view that the provision for asset impairment and write-off of assets made by the Company are in compliance with relevant provisions under the Accounting Standards for Business Enterprises and the Company’s accounting policies, the basis of the provision and write-off is sufficient, and the decision-making procedures are in compliance with laws, regulations, the Articles of Association and other provisions without prejudice to the interests of the Company and the shareholders. The Supervisory Committee approved the Company’s provision for asset impairment and write-off of assets.

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

Shanghai, the PRC
26 April 2024

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. SHI Lei, Ms. XIAO Hehua and Mr. XU Jianguo; the independent non-executive directors of the Company are Mr. ZHOU Yu, Mr. FAN Ren Da Anthony, Mr. MAO Fugen and Mr. MAO Huigang.