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Guotai Haitong Securities Co., Ltd.
國泰海通證券股份有限公司

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

(Stock Code: 02611)

ANNOUNCEMENT IN RELATION TO PROVISION FOR IMPAIRMENT OF ASSETS

This announcement is made by Guotai Haitong Securities Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") 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 (the "**SFO**") (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Listing Rules.

I. OVERVIEW ON PROVISION FOR IMPAIRMENT OF ASSETS

In accordance with the relevant provisions under the China Accounting Standards for Business Enterprises (the "**CASBE**") and the accounting policies of the Company, the Group made assessments and impairment testing on the expected credit losses of various assets which required provision for impairments as of 30 September 2025. From January to September 2025, the Group made provision for credit loss expense of RMB2,334.2 million and for impairment losses on other assets of RMB48.75 million, bringing total asset impairment losses to RMB2,382.95 million, representing over 10% of the audited net profit attributable to equity holders of the Company for 2024. Details are set out as below:

Unit: RMB' 0,000

Items	Provision amount from January to September 2025
I. Credit loss expense	233,420
Including: Long-term receivables	100,508
Finance lease receivables	44,996
Other debt investments	46,077
Other loans and receivables	26,919
Margin accounts receivable	4,872
Accounts receivable	3,848
Others	6,200
II. Provision for impairment losses on other assets	4,875
Total	**238,295**

Note 1: The additional credit loss expenses on long-term receivables and finance lease receivables (as well as the additional long-term receivables interest income and finance lease income) in the current period were primarily due to the leasing business added through the merger with Haitong Securities Co., Ltd. (the "Haitong Securities"). The leasing business's profit model is to control risk and ensure asset quality while still generating profitability after deducting various expenses and credit loss expenses from interest income. Each accounting period, the Group assesses expected credit losses and makes corresponding provisions for credit losses based on changes in the credit risk of long-term receivables and finance lease receivables. The Group's leasing business has maintained stable development, with robust and controllable asset quality and no unusual fluctuations in impairment losses, resulting in stable profitability during the Reporting Period.

Note 2: In accordance with the accounting standards for business combinations under non-common control, the Group initially recognized long-term receivables and finance lease receivables from Haitong Securities' subsidiary at fair value on the date of acquisition, without making separate impairment provisions. On subsequent measurement, interest income is recognized on the Group's consolidated financial statements using the effective interest rate method/the interest rate implicit in the lease. When the subsidiary reverses impairment losses on assets outstanding at the date of acquisition, no impairment losses are reversed on the Group's consolidated financial statements (except for purchased or originated credit-impaired financial assets). This results in a minimal overall impact on profit.

II. THE IMPACT OF PROVISION FOR IMPAIRMENT OF ASSETS ON THE GROUP

From January to September 2025, the Group made an impairment provision for assets amounting to RMB2,382.95 million, reducing profit before income tax by RMB2,382.95 million and net profit attributable to equity holders of the Company by RMB1,718.93 million.

III. DETAILS OF PROVISION FOR IMPAIRMENT OF ASSETS

1. Long-term receivables

The Group made an impairment provision for long-term receivables of RMB1,005.08 million from January to September 2025.

For the sale and leaseback business, the Group 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 in accordance with the relevant requirements of the Accounting Standards for Business Combinations under Non-Common Control (see Note 2), made provision for relevant impairment.

2. Finance lease receivables

The Group made an impairment provision for finance lease receivables of RMB449.96 million from January to September 2025.

For its finance lease receivables, the Group 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 PD/LGD method or an individual impairment assessment, and in accordance with the relevant requirements of the Accounting Standards for Business Combinations under Non-Common Control (see Note 2), made provision for relevant impairment.

3. Other debt investments

The Group made an impairment provision for other debt investments of RMB460.77 million from January to September 2025.

For other debt investments, the Group calculated the expected credit losses using PD/LGD method or an individual impairment assessment by taking into account the debtors' credit rating and changes in credit risk.

4. Other loans and receivables

The Group made an impairment provision for other loans and receivables of RMB269.19 million from January to September 2025.

For other loans and receivables, the recoverability of other loans and receivables was comprehensively assessed based on the latest status of the other loans and receivables, publicly available or accessible information about the borrowers, the value of the collaterals, and the latest financial position of the borrowers and guarantors, etc., and a provision for impairment was made at the end of the period on the basis of the difference between the recoverable amount and the amount of the outstanding loans.

5. Margin accounts receivable

The Group made an impairment provision for margin accounts receivable of RMB48.72 million from January to September 2025.

For margin accounts receivable business, based on the characteristics of the financing entity and the expected disposition and realization status of the collateral securities, the expected recoverable cash flows of the financing entity are comprehensively assessed, and the expected credit losses of the financing entity are calculated by applying the probability of default/loss rate on default method or the individual test, and provision for impairment is made.

6. Accounts receivable

The Group made an impairment provision for accounts receivable of RMB38.48 million from January to September 2025.

For accounts receivable, the credit qualification of the recipient of the receivables is assessed based on the financial position of the recipient of the receivables, the possibility of obtaining guarantees from third parties, credit history and other factors such as the current market conditions, and the expected recoverable cash flows of the recipient of the receivables are comprehensively assessed, and provision for impairment is made by using the probability of default/loss rate on default method or a simplified method permitted under the Accounting Standards for Business Enterprises.

7. Others

In addition to the aforementioned asset impairment losses related to long-term receivables, finance lease receivables, other debt investments, other loans and receivables, margin accounts receivable, and accounts receivable, the Group identified and assessed other types of credit risks faced based on the nature of other types of business, conducted impairment testing on other assets. In accordance with the CASBE and the Company's relevant accounting policies and management measures, the Group made an impairment provision for others of RMB110.75 million in total from January to September 2025.

IV. OPINION OF THE AUDIT COMMITTEE ON THE PROVISION FOR IMPAIRMENT OF ASSETS OF THE GROUP

The Company convened the fourth meeting of the seventh session of the Audit Committee (the "**Audit Committee**") of the Board of Directors (the "**Board**") on 30 October 2025, at which it considered and unanimously approved the "Proposal on the Provision for Impairment of Assets". The Audit Committee is of the opinion that the current provision for impairment of assets complies with the relevant requirements of the CASBE and the Company's accounting policies, and is consistent with the principle of accounting prudence. The Audit Committee has approved the current provision for impairment of assets of the Group.

V. OPINION OF THE BOARD ON THE PROVISION FOR IMPAIRMENT OF ASSETS OF THE GROUP

The Company convened the seventh meeting of the seventh session of the Board on 30 October 2025, at which it considered and unanimously approved "Proposal on the Provision for Impairment of Assets". The Board of Directors is of the opinion that the current provision for impairment of assets complies with the relevant requirements of the CASBE and the Company's accounting policies, is supported by sufficient basis, and follows the decision-making process that aligns with relevant laws and regulations as well as the Articles of Association of the Company. The Board has approved the current provision for impairment of assets of the Group.

WARNING: Shareholders and potential investors of the Company are advised to exercise caution when relying on the financial data in this announcement and when dealing in the Company's securities. Persons who are in doubt as to the action they should take should consult his/her stockbroker, bank manager, solicitor, or other professional adviser.

By Order of the Board
Guotai Haitong Securities Co., Ltd.
ZHU Jian
Chairman

Shanghai, the PRC
30 October 2025

As at the date of this announcement, the executive directors of the Company are Mr. ZHU Jian, Mr. LI Junjie and Mr. NIE Xiaogang; the non-executive directors of the Company are Mr. ZHOU Jie, Ms. GUAN Wei, Mr. ZHONG Maojun, Mr. CHEN Hangbiao, Ms. LV Chunfang, Ms. HA Erman, Mr. SUN Minghui and Mr. CHEN Yijiang; the employee director of the Company is Mr. WU Hongwei; and the independent non-executive directors of the Company are Mr. LI Renjie, Mr. WANG Guogang, Mr. PU Yonghao, Mr. MAO Fugen, Mr. CHEN Fangruo and Mr. JIANG Xian.