

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 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 (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 conducted a preliminary assessment on various assets subject to impairment as of 30 June 2024 and wrote off certain assets that were expected to be unrecoverable as of 30 June 2024. The details are as follows:

### I. PROVISION FOR ASSET IMPAIRMENT

Based on preliminary assessment, from April 2024 to June 2024, the Company made provision for credit impairment losses of RMB607.0422 million and for other asset impairment losses of RMB17.5392 million. The provision for asset impairment losses amounted to RMB624.5814 million in total, accounting for over 10% of the audited net profit of the Company for the year 2023.

*Unit: RMB’ 0,000*

<b>Items</b>	<b>Provision amount from April 2024 to June 2024</b>
I. Credit impairment losses	60,704.22
Of which: Long-term receivables	18,290.97
Other loans and receivables	15,269.29
Advances to customers on margin financing	9,818.93
Finance lease receivables	6,744.75
Financial assets held under resale agreements	5,895.97
Others	4,684.31
II. Other asset impairment losses	1,753.92
<b>Total</b>	<b>62,458.14</b>

## **1. Long-term receivables**

The Company made a provision for impairment of long-term receivables of RMB183 million from April 2024 to June 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.

## **2. Other loans and receivables**

The Company made a provision for impairment of other loans and receivables of RMB153 million from April 2024 to June 2024.

For other loans and receivables, the Company comprehensively assessed the recoverability based on factors such as the latest status of other loans and receivables, publicly available or accessible information about the borrowers, the value of the collaterals, and the latest financial condition of the borrowers and guarantors, and made provision for relevant impairment based on the difference between the recoverable amount and the outstanding amount of the loan at the end of the period.

## **3. Advances to customers on margin financing**

The Company made a provision for impairment of advances to customers on margin financing of RMB98 million from April 2024 to June 2024.

For its advances to customers on margin financing business, the Company 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 based on the characteristics of the financing entities and the expected disposal and realization of the collateralized securities and with reference to the cash flows expected to be recovered from the financing entities.

## **4. Finance lease receivables**

The Company made a provision for impairment of finance lease receivables of RMB67 million from April 2024 to June 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.

## 5. Financial assets held under resale agreements

The Company made a provision for impairment of financial assets held under resale agreements of RMB59 million from April 2024 to June 2024.

For its stock pledged repurchase business and contractual repurchase business, the Company calculated the expected credit losses using Probability of Default (PD)/Loss Given Default (LGD) method or an individual impairment assessment, and comprehensively assessed the cash flows expected to be recovered from the financing entities based on the expected realization value from the disposal of the collateralized securities, and made provision for relevant impairment if the discounted cash flows were expected to be insufficient to cover the risk exposure.

## 6. Others

In addition to the asset impairment losses on the above long-term receivables, other loans and receivables, advances to customers on margin financing, finance lease receivables, financial assets held under resale agreements 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 RMB64 million in total from April 2024 to June 2024.

## II. WRITE-OFF OF ASSETS

Based on preliminary assessment, the Company wrote off certain finance lease receivables and long-term receivables that were expected to be unrecoverable of RMB183.5082 million in total from April 2024 to June 2024.

*Unit: RMB' 0,000*

<b>Items</b>	<b>Write-off amount from April 2024 to June 2024</b>
Finance lease receivables	15,649.25
Long-term receivables	2,701.57
<b>Total</b>	<b><u><u>18,350.82</u></u></b>

### 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 RMB156 million from April 2024 to June 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 RMB27 million from April 2024 to June 2024.

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

Based on preliminary assessment, from April 2024 to June 2024, the Company made a provision for asset impairment of RMB624.5814 million and wrote off assets of RMB183.5082 million, as a result of which, the Company recorded a decrease of RMB624.5814 million and RMB491.2679 million in the total profit and net profit, respectively.

### IV. RISK WARNING

The above matters are the preliminary assessments by the Company on the provision for asset impairment and write-off of assets from April 2024 to June 2024, which may differ from those to be disclosed in the 2024 interim report of the Company, and are subject to the officially disclosed interim report. The above matters have been included in the relevant data of the preliminary results for the first half of 2024 disclosed by the Company on the same day. The Company will fulfill its obligations of information disclosure in a timely manner according to the requirements of relevant laws and regulations. Investors are reminded of the investment risks.

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

Shanghai, the PRC  
9 July 2024

*As at the date of this announcement, the executive directors of the Company are Mr. ZHOU Jie, Mr. LI Jun and Mr. HAN Jianxin; 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.*

\* *For identification purpose only*