



(GDR under the symbol: "HTSC")

ANNOUNCEMENT IN RELATON TO PROVISION FOR IMPAIRMENT OF ASSETS

On March 23, 2021, the Company convened the fourteenth meeting of the fifth session of the Board and the eighth meeting of the fifth session of the Supervisory Committee, at which the Resolution on Provision for Impairment of Assets was considered and approved. Details are hereby announced as follows:

I. SUMMARY OF THE PROVISION FOR IMPAIRMENT OF ASSETS

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company, in order to truly and fairly reflect the financial position of the Company as at December 31, 2020 and the operating results of the Company for 2020, the Company conducted an assessment on the expected credit losses of the assets that were subject to impairment as at December 31, 2020, and made provisions for impairment of assets in an aggregate amount of RMB1,305,862,500 in 2020, which exceeded 10% of the audited net profit for 2019. Details are as follows:

Unit: RMB10'000 Currency: RMB

| Provision Item | Provision amount for 2020 |
|---|--------------------------------------|
| Cash and bank balances | -974.95 |
| Margin accounts receivable | 135,557.97 |
| Financial assets held under resale agreements | -1,813.77 |
| Debt investments and other debt investments | 8,457.45 |
| Receivables and other assets | -10,640.45 |
| | <hr/> |
| Total | 130,586.25 |

II. IMPACT OF PROVISION FOR IMPAIRMENT OF ASSETS ON THE PROFIT OR LOSS OF THE COMPANY DURING THE REPORTING PERIOD

In 2020, the provision for impairment of assets of the Company was RMB1,305,862,500, representing a decrease of RMB1,305,862,500 in total profit for the period and a decrease of RMB979,396,900 in net profit for the period.

III. DETAILS OF PROVISION FOR IMPAIRMENT OF ASSETS

(I) Cash and bank balances

In 2020, reversal of provision for bad debts of cash and bank balances amounted to RMB9,749,500. A provision of RMB9,831,700 was made in 2019.

(II) Margin accounts receivable

In 2020, the provision for impairment of margin accounts receivable was RMB1,355,579,700, and the reversal was RMB5,681,700 in 2019. For margin accounts receivable, the allowance for expected credit losses is measured after taking into account the debtors' credit status, repayment ability, third-party credit enhancement measures, actual liquidity of collateral securities and guarantees, business scale, concentration and disposal cycle and other factors.

(III) Financial assets held under resale agreements

A reversal of RMB18,137,700 was made in 2020 and a provision of RMB510,557,300 was made in 2019.

(IV) Debt investments and other debt investments

Provision for impairment of debt investments amounted to RMB21,354,700 in 2020 and RMB1,147,000 in 2019. Provision for impairment of other debt investments amounted to RMB63,219,800 in 2020 and RMB4,349,400 in 2019.

(V) Accounts receivable and other assets

Reversal of bad debt provision for accounts receivable and other receivables was RMB64,880,800 in 2020 and RMB194,029,700 in 2019. Reversal of bad debt provision for interest receivable was RMB41,178,000 in 2020 and RMB5,315,600 in 2019. Reversal of provision for impairment of other assets amounted to RMB345,700 in 2020 and RMB2,616,900 in 2019.

IV. OPINION OF THE INDEPENDENT DIRECTORS ON THE COMPANY'S PROVISION FOR IMPAIRMENT OF ASSETS

In the opinion of the independent non-executive Directors of the Company, the provision for impairment of assets of the Company is in compliance with the relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company, and gives a true and fair view of the financial position of the Company as at December 31, 2020 and the operating results of the Company for 2020, which helps provide investors with more authentic, reliable and accurate accounting information and is in the interests of the Company and its shareholders as a whole, especially the minority shareholders. The decision-making procedures for the provision for asset impairment of assets are in compliance with the relevant laws and regulations and the Articles of Association of the Company. The resolution on the provision for impairment of assets was approved.

V. OPINION OF THE AUDIT COMMITTEE OF THE BOARD ON THE COMPANY'S PROVISION FOR IMPAIRMENT OF ASSETS

The Resolution on the Provision for Impairment of Assets was considered and approved at the third meeting of the Audit Committee of the fifth session of the Board of the Company in 2021. The Audit Committee is of the view that the provision for impairment of assets of the Company is in compliance with the relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company, and gives a true and fair view of the financial position of the Company as at December 31, 2020 and the operating results of the Company for 2020, which helps provide more authentic, reliable and accurate accounting information to investors.

VI. OPINION OF THE BOARD ON THE COMPANY'S PROVISION FOR IMPAIRMENT OF ASSETS OF THE COMPANY

The Resolution on Provision for Impairment of Assets was considered and approved at the fourteenth meeting of the fifth session of the Board of the Company. The Board is of the view that the provision for impairment of assets of the Company is in compliance with the relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company, and gives a true and fair view of the financial position of the Company as at December 31, 2020 and the operating results for 2020, which helps provide more reliable and accurate accounting information to investors.

VII. OPINION OF THE SUPERVISORY COMMITTEE ON THE COMPANY'S PROVISION FOR IMPAIRMENT OF ASSETS

The Resolution on Provision for Impairment of Assets was considered and approved at the eighth meeting of the fifth session of the Supervisory Committee of the Company. The Supervisory Committee is of the view that the provision for impairment of assets of the Company is in compliance with the relevant requirements of the Accounting Standards for Business Enterprises and the accounting policies of the Company, and gives a true and fair view of the financial position of the Company as at December 31, 2020 and the operating results of the Company for 2020, which helps provide more authentic, reliable and accurate accounting information to investors.

DEFINITION

In this announcement, the following expression has the meaning set out below unless the context otherwise requires.

- “Articles of Association” the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
- “Board” the board of directors of the Company
- “Company” a joint stock company incorporated in the People’s Republic of China with limited liability under the corporate name 华泰证券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as “HTSC”, and was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of “華泰六八八六股份有限公司” and English name of “Huatai Securities Co., Ltd.”; the H shares of which have been listed on the main board of The Stock Exchange of Hong Kong Limited since June 1, 2015 (Stock Code: 6886); the A shares of which have been listed on the Shanghai Stock Exchange since February 26, 2010 (Stock Code: 601688); the global depository receipts of which have been listed on the London Stock Exchange plc since June 2019 (Symbol: HTSC), unless the context otherwise requires, including its predecessor
- “Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

By order of the Board of the Company
Zhang Hui
Joint Company Secretary

Jiangsu, the PRC, March 23, 2021