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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 ON THE CHANGES IN ACCOUNTING POLICIES

The Board of Directors (the “**Board**”) of Haitong Securities Co., Ltd. (the “**Company**”) hereby announced the following:

I. CHANGES IN ACCOUNTING POLICIES

In order to improve the Company’s ability to defend itself against risks and to maintain sound operation and sustainable growth of its financing business, the Company intended to change the standards for the provision of bad debts in the financing business according to regulations such as “Accounting Standards for Business Enterprises” and “Financial Rules for Financial Enterprises”.

The original standards for the provision of bad debts in the financing business are as follows. On the balance sheet date, for the customers who are unable to repay on time, or in full for the amounts or the quantities of securities on loan, the provisions for bad debts are calculated according to the specific situations.

The new standards for the provision of bad debts in the financing business are as follows. The Company screens and identifies the customers of its financing business, and for projects in which there are substantial evidence to identify specific losses, special method of independent asset impairment test is used to calculate the provision for bad debts according to the conditions of the customers, the potential losses, analyses of counterparties’ asset management, mortgaged securities, proportion of guarantees and solvency, etc. As for the financing business in which no specific provisions were made, the provisions for bad debts are calculated in specific proportions according to asset types.

II. IMPACTS OF THE CHANGES IN ACCOUNTING POLICIES ON THE FINANCIAL CONDITIONS AND OPERATING RESULTS OF THE COMPANY

According to the relevant provisions of the “Accounting Standards for Business Enterprises”, this item comes under changes in accounting estimates and should be treated prospectively. As there is no need for retroactive adjustment for prior years, this will not have an impact on the financial statements of the Company that have been disclosed.

According to a forecast on the scale of the financing business at the end of this year, the provision for bad debts in the Company’s financing business in 2014 which will have impact on gross profit is estimated to be RMB170 million.

III. OPINIONS OF THE BOARD, INDEPENDENT DIRECTORS AND THE SUPERVISORY COMMITTEE

The Board, Independent Directors and the Supervisory Committee of the Company considered that, since the changes in the accounting policies were in compliance with applicable rules, and could satisfy the actual needs for the Company's business development and reflect a more objective and fair view of the financial conditions and operating results of the Company, and the decision-making procedures were in compliance with the relevant laws and regulations and the Articles of Association of the Company without prejudice to the interests of the Company and its shareholders, they approved the changes in the accounting policies of the Company.

By order of the Board
Haitong Securities Co., Ltd.
WANG Kaiguo
Chairman

Shanghai, the PRC
21 December 2014

As at the date of this announcement, the executive directors are Mr. WANG Kaiguo and Mr. Qu Qiuping; the non-executive directors are Mr. ZHUANG Guowei, Mr. ZHOU Donghui, Mr. HE Jianyong, Mr. ZHANG Jianwei, Mr. XU Chao, Mr. WANG Hongxiang, Mr. LI Gewei and Mr. FENG Huang; and the independent non-executive directors are Mr. XIA Bin, Mr. CHEN Qiwei, Mr. ZHANG Huiquan, Mr. ZHANG Ming, Mr. DAI Genyou, Mr. LIU Cheeming and Mr. XIAO Suining.

* *For identification purpose only*