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Central China Securities Co., Ltd.

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)
(Stock Code: 01375)

ANNOUNCEMENT ON CHANGES IN ACCOUNTING POLICIES

The board of directors (the “**Board**”) of Central China Securities Co., Ltd. (the “**Company**”) hereby announces the following changes in accounting policies of the Company.

1. SUMMARY OF THE CHANGES IN ACCOUNTING POLICIES

(1) Reasons and Date for Changes in Accounting Policies

In November 2022, the Ministry of Finance of the People's Republic of China (the “**MOF**”) issued the “Notice on Issuing the Interpretation of Accounting Standards for Business Enterprises No. 16” (Cai Kuai [2022] No. 31) (《關於印發〈企業會計準則解釋第16號〉的通知》(財會[2022]31號) (hereinafter referred to as the “**Interpretation of Standards No. 16**”), which stipulates that “the accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction does not apply to the initial recognition exemption”. In accordance with the requirements of the notice, the accounting policies of the Company have been changed accordingly and shall be implemented from 1 January 2023.

(2) Accounting Policies adopted before the Change

Prior to the change, the Company implemented the Accounting Standards for Business Enterprises — Basic Standards and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretation Announcement of Accounting Standards for Business Enterprises and other relevant regulations issued by the MOF.

(3) Accounting Policies adopted after the Change

After the changes in accounting policies, the Company implemented the relevant provisions of Interpretation No. 16. Other unchanged parts are still implemented in accordance with the “Accounting Standards for Business Enterprises — Basic Standards” and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretation Announcement of Accounting Standards for Business Enterprises and other relevant regulations issued by the MOF.

(4) Main Contents of Changes in Accounting Policies

Interpretation No. 16 stipulates that "the accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction does not apply to the initial recognition exemption". For a single transaction that is not a business combination, does not affect accounting profit or taxable income (or deductible losses) at the time of the transaction, and the assets and liabilities initially recognised result in equal amount of taxable temporary differences and deductible temporary differences (including the lease transaction in which the lessee initially recognises lease liabilities and includes in the right-of-use assets at the beginning of the lease term, and the transaction in which the estimated liabilities are recognised and included in the cost of the relevant assets due to the existence of decommissioning obligations such as fixed assets), the provisions of Article 11(2) and Article 13 of the Accounting Standards for Business Enterprises No. 18 — Income Tax regarding the exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets are not applicable. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in the transaction, the enterprise shall, in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 18 — Income Tax, recognise the corresponding deferred income tax liabilities and deferred income tax assets at the time of the transaction.

Changes in accounting policies caused by the Company's implementation of relevant accounting standards for business enterprises issued by the MOF are not required to be submitted to the Board, the Supervisory Committee and the general meeting of the Company for consideration.

2. IMPACT OF THE CHANGE IN ACCOUNTING POLICIES ON THE COMPANY

The change in accounting policies is a reasonable change made by the Company in accordance with the relevant regulations and requirements of the MOF, and complies with the requirements of relevant laws and regulations. The implementation of the changed accounting policies can objectively and fairly reflect the financial position and operating results of the Company. The changes in accounting policies will not have a significant impact on the Company's financial position, operating results and cash flows for the current period, nor will it harm the interests of the Company and minority shareholders.

By order of the Board of
Central China Securities Co., Ltd.
LU Zhili
Chairman

Henan, the PRC
28 March 2024

As at the date of this announcement, the Board comprises Mr. LU Zhili as executive Director; Mr. LI Xingjia, Ms. ZHANG Qiuyun, Mr. TANG Jin and Mr. TIAN Shengchun as non-executive Directors; Ms. ZHANG Dongming, Mr. CHEN Zhiyong, Mr. TSANG Sung and Mr. HE Jun as independent non-executive Directors.