

*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.*



## **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 THE PROVISION FOR IMPAIRMENT ON ASSETS**

This announcement is made by the board of directors (the "**Board**") of Central China Securities Co., Ltd. (the "**Company**") pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 30 January 2024, the Company convened the 23rd meeting of the seventh session of the Board and the 15th meeting of the seventh session of the Supervisory Committee to consider and approve the Resolution on the Provision for Impairment on assets (the "**Resolution**"), details of which are set out as follows:

#### **I. SUMMARY OF PROVISION FOR IMPAIRMENT ON ASSETS**

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises and the accounting policies of the Company, in order to accurately and objectively reflect the financial position of the Company as at 31 December 2023 and the operating results of the Company for 2023, after a comprehensive inspection and impairment test of various financial assets, inventories and long-term assets by the Company and its subsidiaries, the Company made a provision for credit impairment of RMB54,289,800 and a provision for impairment on other assets of RMB13,044,100 in 2023, totaling RMB67,333,900 (the "**Provision for Impairment on Assets**"), details of which are set out in the table below:

<b>Item</b>	<b>Amount for 2023</b> <i>(RMB'0,000)</i>
1. Credit impairment provision	5,428.98
Including: Debt investments	4,279.95
Trade and other receivables	858.00
Loans to margin clients	256.14
Others	34.89
2. Provision for impairment on other assets	1,304.41
Including: Provision for impairment on goodwill	1,142.16
Inventories	162.25
	<hr/>
Total	<u><u>6,733.39</u></u>

*Note:* The above figures are based on a preliminary review by the Company, which are unaudited and are subject to the amounts as confirmed under the annual audit by the accounting firm.

## **II. IMPACT OF PROVISION FOR IMPAIRMENT ON ASSETS ON THE COMPANY**

The Provision for Impairment on Assets in the consolidated statements of the Company for 2023 was RMB67,333,900 in total, representing a decrease of RMB67,333,900 in total profit for 2023.

## **III. DETAILS OF PROVISION FOR IMPAIRMENT ON ASSETS**

1. Provision for impairment on debt investment is mainly for subsidiaries to make provision for credit impairment on debt investment by adopting the probability of default/loss given default approach or individual test after comprehensive consideration of factors such as the debtor's credit status, repayment ability, and value of guaranteed assets.
2. Provision for impairment on trade and other receivables is mainly for the Company's provision for credit impairment on trade and other receivables based on the expected credit loss model.
3. Provision for impairment on loans to margin clients is mainly for the provision for credit impairment on loans to margin clients by the Company by adopting the probability of default/loss given default approach or individual test after comprehensive consideration of the credit status, repayment ability, value of collateral assets and other credit enhancement measures of the debtors.

4. Provision for impairment on goodwill is mainly for that the subsidiary uses the present value of estimated future cash flow to determine its recoverable amount, and the provision for impairment is made according to the difference between the recoverable amount and the book value.

#### **IV. OPINIONS OF INDEPENDENT DIRECTORS ON THE COMPANY'S PROVISION FOR IMPAIRMENT ON ASSETS**

The independent Directors of the Company have expressed their independent opinions of consent to the Resolution. The independent Directors of the Company are of the view that the Provision for Impairment on Assets of the Company is in compliance with the relevant provisions of the Accounting Standards for Business Enterprises and the accounting policies of the Company, and has accurately and objectively reflected the financial position of the Company as at 31 December 2023 and the operating results for 2023, which is conducive to providing investors with more true, reliable and accurate accounting information without prejudice to the interests of the Company and all Shareholders, especially minority Shareholders.

#### **V. OPINIONS OF THE AUDIT COMMITTEE ON THE COMPANY'S PROVISION FOR IMPAIRMENT ON ASSETS**

The audit committee of the Company is of the view that the Provision for Impairment on Assets is in compliance with the provisions of the Accounting Standards for Business Enterprises and the accounting policies of the Company. After the Provision for Impairment on Assets is made, it can more accurately and objectively reflect the financial position of the Company as at 31 December 2023 and the operating results for 2023, which is conducive to providing investors with more true, reliable and accurate accounting information, and there is no prejudice to the interests of the Company and all Shareholders, especially the minority Shareholders.

## **VI. OPINIONS OF THE SUPERVISORY COMMITTEE ON THE COMPANY'S PROVISION FOR IMPAIRMENT ON ASSETS**

The Supervisory Committee of the Company is of the view that the Provision for Impairment on Assets is in compliance with the Accounting Standards for Business Enterprises and the accounting policies of the Company. The procedures are legal with sufficient basis. The actual condition of assets and financial position of the Company can be fairly reflected after the provision for impairment.

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

Henan, the PRC  
30 January 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.*