中州证券

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 IN RELATION TO PROVISION FOR IMPAIRMENT OF 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 27 August 2021, the thirty-fourth meeting of the sixth session of the Board and the twenty-first meeting of the sixth session of the Supervisory Committee of the Company have considered and approved the Proposal on the Provision for Impairment of Assets (the "**Proposal**"). The details are as follows:

I. SUMMARY OF PROVISION FOR IMPAIRMENT OF ASSETS

Based on relevant regulations of the Accounting Standards for Business Enterprises and the accounting policies of the Company, in order to reflect the financial position as of 30 June 2021 and the operating results of the Company for the second quarter of 2021 accurately and objectively, the Company and its subsidiaries conducted comprehensive check and impairment testing of various items such as financial assets, inventories and long-term assets, and made a provision for credit impairment with an amount of RMB122.1462 million and a reversal of impairment of other assets of RMB0.6726 million, totaling to RMB121.4736 million (the "**Provision for Impairment of Assets**") for the second quarter of 2021. The details are set out as follows:

Item		Amount for the second quarter of 2021 *(RMB'0,000)*
1.	Provision for credit impairment	12,214.62
	Including: Financial assets measured at amortised cost	9,318.14
	Financial assets held under resale agreements	2,535.49
	Others	360.99
2.	Provision for impairment of other assets	-67.26
	Including: Inventories	-67.26
Total		12,147.36

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. THE IMPACT OF PROVISION FOR IMPAIRMENT OF ASSETS ON THE COMPANY

The Company's provision for impairment of assets in the consolidated financial statements for the second quarter of 2021 amounted to RMB121.4736 million in total, as a result of which, the profit before tax for the second quarter of 2021 decreased by RMB121.4736 million.

III. DETAILS OF PROVISION FOR IMPAIRMENT OF ASSETS

1. Provision for impairment of debt assets mainly represents the provision for credit impairment made by a subsidiary of the Company for the debt investment business based on the expected credit loss model.

2. Provision for impairment of financial assets held under resale agreements mainly represents the provision for credit impairment made by the Company for the securities-backed lending business based on the expected credit loss model.

3. Provision for impairment of other assets mainly represents the reversal of provision for inventories made by a subsidiary of the Company based on the excess of the net realizable values of inventories over the carrying amount.

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

The independent directors of the Company have given independent opinions of consent in relation to the Proposal. The independent directors of the Company are of the view that the Provision for Impairment of Assets is in compliance with the Accounting Standards for Business Enterprises and relevant requirements of the accounting policies of the Company. It truly and fairly reflects the financial position as of 30 June 2021 and the operating results for the second quarter of 2021 of the Company, which helps to provide investors with more authentic, reliable and accurate accounting information and does not prejudice the interests of the Company and its shareholders as a whole, especially the minority shareholders.

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

The Audit Committee of the Company under the Board is of the view that the Provision for Impairment of Assets of the Company is in compliance with the Accounting Standards for Business Enterprises and the accounting policies of the Company and other relevant regulations. It truly and fairly reflects the financial position as of 30 June 2021 and the operating results for the second quarter of 2021 of the Company, which helps to provide investors with more authentic, reliable and accurate accounting information and does not prejudice the interests of the Company and its shareholders as a whole, especially the minority shareholders.

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

The Supervisory Committee of the Company is of the view that the Provision for Impairment of 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.
Jian Mingjun
Chairman

Henan, the PRC
27 August 2021

As at the date of this announcement, the Board comprises executive director Mr. JIAN Mingjun, non-executive directors Mr. LI Xingjia, Mr. WANG Lixin, Mr. TIAN Shengchun, Mr. ZHANG Xiaoqi and Mr. LU Benson Cheng, and independent non-executive directors Mr. YU Xugang, Ms. ZHANG Dongming, Mr. CHEN Zhiyong and Mr. TSANG Sung.