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Guangzhou Rural Commercial Bank Co., Ltd.*
廣州農村商業銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(H Share Stock code: 1551)

(Preference Share Stock code: 4618)

**ANNOUNCEMENT ON ADJUSTMENT IN
DEPRECIATION TERM OF BUILDINGS**

This announcement is made by Guangzhou Rural Commercial Bank Co., Ltd.* (the “**Bank**”, together with its subsidiaries, collectively referred to as the “**Group**”) in accordance with Rule 13.09(2)(a) 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).

I. SUMMARY OF CHANGES IN ACCOUNTING ESTIMATES

The board of directors of the Bank considered and approved the Resolution regarding the Adjustment in Depreciation and Amortization Term of Certain Assets on 12 August 2022. Pursuant to the relevant requirements of the Accounting Standard for Business Enterprises No. 4 – Fixed Assets and the Accounting Standard for Business Enterprises No. 28 – Changes in Accounting Policies and Accounting Estimates and Corrections of Errors, and in order to more fairly reflect the financial condition and operating results of the Bank and provide more reliable and accurate accounting information to investors, the Bank proposed the changes in depreciation term of buildings.

II. DETAILS OF THE CHANGES IN ACCOUNTING ESTIMATES

(i) Reasons for changes

According to the requirements of the Accounting Standard for Business Enterprises No. 4 – Fixed Assets, an enterprise should review the estimated useful lives, net residual values and depreciation methods of its assets at the end of each accounting year. Where the estimated useful life is different from the original accounting estimate, such useful life shall be adjusted accordingly. The Bank conducted a review of the useful life of its existing assets, taking into account the current state of use, restrictions of rights,

business needs, technological trends and maintenance. Through the review, it was found that the estimated useful life of the Bank's buildings has been significantly longer than the current depreciation term as a result of factors such as technological advancement and enhancement of subsequent maintenance. Meanwhile, a recent comparison with the industry reveals that the maximum depreciable term of buildings of the four major banks and most of the listed joint-stock banks ranges from 30 to 50 years, which is much higher than the depreciable term of our buildings. In order to fairly reflect the actual condition of the Bank's assets and to improve the quality of accounting information, the Bank proposed the adjustment in depreciation term of buildings in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, taking into account the review of the estimated useful lives of the assets and making reference to the life span of assets of other listed banks in the industry.

(ii) Adjustment Plan

The current depreciation term of the buildings of the Bank ranges from 10 to 20 years. Pursuant to the review result of the Bank and the requirements of the prudence principle of accounting, the Bank intends to adjust the range of the depreciation term of the buildings to 10 to 40 years, and integrate the review result to make individual adjustment to the depreciation terms of existing buildings.

(iii) Availability

Pursuant to Article 9 of the Accounting Standard for Business Enterprises No. 28 – Changes in Accounting Policies and Accounting Estimates and Corrections of Errors, the adjustment to the depreciation term is the changes in accounting estimates and accounting shall be implemented based on the prospective application method, and the impact of changes in accounting estimates will be recognised in the current and future period of changes in accounting estimates. The adjustment is proposed to start from 1 January 2022, i.e. the adjustment applies to the year of 2022 and the subsequent years.

III. IMPACT OF CHANGES IN ACCOUNTING ESTIMATES

After the adjustment of depreciation term of the Bank's buildings, based on the calculation of the existing assets of the Bank, it is expected that the net profit for the year 2022 will increase by RMB72 million in 2022 as compared with that before adjustment.

IV. OPINIONS OF THE BOARD OF DIRECTORS

Having listened to the review opinion of the Audit Committee of the board of directors, the board of directors is of the view that the adjustment is able to objectively and fairly reflect the financial position and operating results of the Bank, is in the interests of the Bank and shareholders, and complies with the requirements of the laws and the Articles of Association.

By order of the Board
Guangzhou Rural Commercial Bank Co., Ltd. *
Cai Jian
Chairman

Guangzhou, the PRC
12 August 2022

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Cai Jian and Mr. Yi Xuefei; six non-executive directors, namely Ms. Feng Kaiyun, Mr. Zuo Liang, Mr. Zhang Junzhou, Mr. Zhuang Yuemin, Mr. Feng Yaoliang and Mr. Lai Zhiguang; and five independent non-executive directors, namely Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Tan Jinsong, Mr. Zhang Hua and Mr. Ma Hok Ming.

* *Guangzhou Rural Commercial Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit taking business in Hong Kong.*