

## **Announcement of COOEC on Change of Accounting Policies**

### **Important Notes**

**The Board of Directors and all directors of the Company guarantee that this announcement contains no false records, misleading statements or major omissions, and undertake joint and several liabilities for the authenticity, accuracy and integrity of the announcement.**

### **Important contents:**

- The change of accounting policies has no impact on the Company's financial status and operating results in 2020.

### **I. Change of Accounting Policies and Its Impact on the Company**

#### **(i) Main contents of change**

According to the Accounting Standards for Business Enterprises No. 21-Leases (hereinafter referred to as the "New Lease Standards") revised and promulgated by the Ministry of Finance in December 2018, domestic A-share listed companies will implement the New Lease Standards from January 1, 2021.

1. Improve the definition of lease and add such contents as lease identification, split and consolidation;
2. Cancel the classification of operating leases and financial leases of lessees is cancelled, and require the confirmation of right-of-use assets and lease liabilities for all leases (except short-term leases and low-value asset leases);
3. Improve the subsequent measurement of lessees and increase the accounting treatment in case of option revaluation and lease changes;
4. Enrich the lessor's disclosure content and provide more useful information for report users.

Compared with the original standards, the lessee's accounting treatment no longer distinguishes between operating leases and financial leases. Except short-term leases and low-value asset

leases that use simplified treatment, right-of-use assets and lease liabilities are confirmed for all leases. The right-of-use asset is depreciated in accordance with the fixed assets accounting standards, and a fixed periodic interest rate is used to confirm the interest expense of each period.

(ii) Impact on the Company

In accordance with the requirements of the New Lease Standards, the Company will implement the New Lease Standards as of January 1, 2021, and will disclose accounting statements in accordance with the requirements of the New Lease Standards from the first quarter of 2021. No adjustments will be made to the comparable period information. The change of accounting policies has no impact on the Company's financial status and operating results in 2020.

(iii) Review procedures

On March 19, 2021, the Company convened the 2nd Meeting of the 7th Board of Directors, which reviewed and passed the proposal on change of accounting policies.

## **II. Opinions of Independent Directors and the Board of Supervisors**

The independent directors believe that the Company's change of accounting policies is strictly made in accordance with the requirements of the Accounting Standards for Business Enterprises No. 21-Leases promulgated by the Ministry of Finance. It conforms to the actual situation of the Company, and there is no harm to the interests of the Company and the legitimate rights of small and medium shareholders. The procedures for the Board of Directors of the Company to review the change of accounting policies comply with relevant laws and regulations. The independent directors agree to the Company's change of accounting policies.

The Board of Supervisors believes that the Company's change of accounting policies complies with the relevant regulations of the Ministry of Finance and the Company's actual situation, and the relevant decision-making procedures comply with relevant laws and regulations, and there is no harm to the interests of the

Company and all shareholders. The Board of Supervisors agree to the above change of accounting policies by the Company.

**Documents for Future Reference**

- (i) Announcement of COOEC on the Resolutions of the 2nd Meeting of the 7th Board of Directors;
- (ii) Opinions of Independent Directors;
- (iii) Announcement of COOEC on the Resolutions of the 2nd Meeting of the 7th Board of Supervisors.

The announcement is hereby given.

Board of Directors of COOEC  
March 19, 2021