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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)

PROPOSED ALIGNMENT IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES IN DOMESTIC AND INTERNATIONAL MARKETS; AND PROPOSED CHANGE OF AUDITORS

PROPOSED ALIGNMENT IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES IN DOMESTIC AND INTERNATIONAL MARKETS

Since the listing of the H shares of Central China Securities Co., Ltd. (the “**Company**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), the Company has been adopting the International Financial Reporting Standards (the “**IFRSs**”) and China Accounting Standards for Business Enterprises (the “**PRC GAAP**”) to prepare financial statements published in Hong Kong and Mainland China, respectively.

Given the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Hong Kong Stock Exchange in December 2010, and the “Pilot Work Plan for Accounting Firms Engaged in Audit Business for H Share Enterprises” (《會計師事務所從事H股企業審計業務試點工作方案》) issued by the Accounting Division of the Ministry of Finance of the People's Republic of China (the “**Ministry of Finance**”) and the China Securities Regulatory Commission (the “**CSRC**”), issuers listed in Hong Kong while incorporated in Mainland China are allowed to adopt the PRC GAAP to prepare financial statements, and Chinese accounting firms approved by the Ministry of Finance and the CSRC are allowed to adopt the PRC GAAP to audit such financial statements. The board of directors of the Company (the “**Board**”) has resolved on 22 April 2020 to propose that the Company adopt the PRC GAAP to prepare financial statements and disclose such relevant financial information both in Hong Kong

and Mainland China since the interim financial report and interim results of 2020, so as to reduce and simplify working procedures, such as communication between domestic and overseas auditors, increase efficiency and save costs. As confirmed by the PRC legal advisor of the Company, the Company is allowed to adopt the PRC GAAP to prepare the financial statements and disclose such relevant financial information in domestic and international markets under applicable PRC laws and regulations, as well as the articles of association of the Company.

The Company is of the view that the proposed alignment in the preparation and disclosure of financial statements in accordance with the PRC GAAP in domestic and international markets will not have material impact on the financial position and operating results of the Company.

The proposed alignment in the preparation of financial statements in accordance with the PRC GAAP in domestic and international markets as above-mentioned is subject to the consideration and approval of the shareholders of the Company at the 2019 annual general meeting of the Company by way of ordinary resolution.

PROPOSED CHANGE OF AUDITORS

According to the resolution of 2018 annual general meeting of the Company, the Company re-appointed ShineWing Certified Public Accountants (Special General Partnership) and PricewaterhouseCoopers as the Company's external auditors for the year of 2019 with a term of one year, to provide domestic and overseas audit services under the PRC GAAP and IFRSs, respectively. During their audit process, ShineWing Certified Public Accountants (Special General Partnership) and PricewaterhouseCoopers were able to perform their audit duties independently, objectively and fairly, and provided the Company with high-quality audit services and audit reports which objectively and truly reflected the Company's financial position and operating results.

Given that the proposed alignment in the preparation of financial statements in accordance with the PRC GAAP to be disclosed in Mainland China and Hong Kong markets by the Company, the Board resolved on 22 April 2020 to propose not to re-appoint PricewaterhouseCoopers for their overseas audit services under the IFRSs, and propose to re-appoint ShineWing Certified Public Accountants as the sole auditing firm of the Company for the year of 2020 to provide both domestic and overseas audit services under the PRC GAAP. As confirmed by the PricewaterhouseCoopers to the Company, there is no matter relating to the proposed cessation of re-appointment need to be brought to the attention of the shareholders of the Company. The Board also confirmed that, save as the reason disclosed above, there is no matter relating to the proposed cessation of re-appointment need to be brought to the attention of the shareholders of the Company. The Company would like to express its sincere gratitude to the long-term diligent work of PricewaterhouseCoopers.

As for the proposed appointment of ShineWing Certified Public Accountants (Special General Partnership) as the auditing firm of the Company for the year of 2020 with a term of one year, the audit and review (including internal control) fees will be RMB3.00 million in total (including the interim review fee of RMB1.00 million, the audit fee of RMB1.55 million for annual financial reports and special regulatory report, and audit fee of RMB0.45 million for internal control), representing a decrease of RMB2.83 million as compared with the domestic and overseas audit and review fees for 2019 in an aggregate amount of RMB5.83 million. If there is an increase in the audit fee due to additional audit work or other reasons, it is proposed to the shareholders' general meeting of the Company that the Board be authorized to determine the adjustment of relevant audit fees.

The proposed change of auditors as above-mentioned is subject to the consideration and approval of shareholders of the Company at the 2019 annual general meeting of the Company by way of ordinary resolution.

By order of the Board of
Central China Securities Co., Ltd.
Jian Mingjun
Chairman

Henan, the PRC
22 April 2020

As at the date of this announcement, the Board comprises executive Directors Mr. JIAN Mingjun and Mr. CHANG Junsheng, 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. YUEN Chi Wai, Mr. NING Jincheng, Mr. YU Xugang and Ms. ZHANG Dongming.