



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)

2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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About the Report

This report is the fourth Environmental, Social and Governance Report (hereinafter referred to as “the Report”) released by Central China Securities (which conducts business in the name of Central China Securities Co., Ltd. in Mainland China) and its branches and subsidiaries (hereinafter referred to as “the Group”). To provide all major stakeholders with a full picture of Central China Securities’s environmental, social, and governance concepts, measures, and related performance. It is suggested to read the Report together with the Section 8 “Corporate Governance Report” of the Company’s 2019 Annual Report.

Abbreviations of Common Terms

For convenience of presentation and reading, the Report uses the following abbreviations of common terms and referential relationship.

The Company, Company, the Parent Company, Central China Securities	»	Central China Securities Co., Ltd.
The Group, Group, We	»	the Company and subsidiary companies
The branches	»	branch companies and securities business offices of the Company
Board of Directors	»	Board of Directors of the Company
Board of Supervisors	»	Board of Supervisors of the Company
ESG	»	Environmental, Social and Governance
ESG Report	»	Environmental, Social and Governance Report
The Report	»	Central China Securities Co., Ltd. 2019 Environmental, Social and Governance Report
ESG Reporting Guide	»	<i>Environmental, Social and Governance Reporting Guide</i> in Appendix 27 of the <i>Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i>
The reporting period	»	January 1, 2019 to December 31, 2019
The end of the reporting period	»	December 31, 2019
China, the Country	»	The People's Republic of China
Hong Kong	»	The Hong Kong Special Administrative Region of the People's Republic of China
SEHK	»	The Stock Exchange of Hong Kong Limited
Central China Futures	»	Central China Futures Co., Ltd.
ZDKY Venture Capital	»	Zhongding Kaiyuan Venture Capital Management Co., Ltd.
ZZKY Venture Capital	»	Henan Zhongzheng Kaiyuan Venture Capital Fund Management Co., Ltd.
Central China Blue Ocean, CCBO	»	Central China Blue Ocean Investment Management Company Limited
Central China International	»	Central China International Financial Holdings Company Limited
Equity Exchange Co.	»	Central China Equity Exchange Co., Ltd.
Central China Micro-lending	»	Henan Central China Micro-lending Company Limited
RMB	»	China's legal currency-RMB, whose basic unit is “Yuan”
STAR Market	»	Science and Technology Innovation Board of Shanghai Stock Exchange
CSRC, the Securities Regulatory Commission	»	The China Securities Regulatory Commission
CBIRC	»	The China Banking and Insurance Regulatory Commission
IT	»	Information Technology
IPO	»	Initial Public Offering

Compilation Basis

The report is compiled in accordance with *Environmental, Social and Governance Reporting Guide* in Appendix 27 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* issued by the SEHK. The Report is in compliance with all the “Comply or Explain” provisions in the ESG Reporting Guide and is compiled in accordance with the four reporting principles under the ESG Reporting Guide, which are Materiality, Quantitative, Balance and Consistency. After identifying key disclosure issues through materiality analysis, the Report discloses quantifiable environmental and social performance indicators.

Reporting Boundary

Unless otherwise stated, the reporting period is from January 1, 2019 to December 31, 2019. In order to enhance the comparability of the Report, some data and information are traced back to the historical years if necessary. The reporting scope of the Report covers the businesses of all the affiliated securities business offices, branch companies and primary subsidiary companies of the Group located in China (including Hong Kong). For the detailed scope and business introduction, please refer to the Section “Company Locations” and “Principal Businesses” under the Chapter “About Us”.

Reporting Statement

The Group hereby declares that all data in the Report are sourced from public databases, internal statistics of Central China Securities and stakeholder surveys. The Group guarantees that there are no false records, misleading descriptions or major omissions in the content disclosed in the Report, and all data are truthful, valid and accurate. The Report is released after being reviewed by the Board of Directors.

Unless otherwise noted, all currencies in the Report are RMB.

Access Approach

The Report can be accessed through the following approaches.

The Report is published in the form of an electronic PDF file on:

HKEX news website of the Hong Kong Exchanges and Clearing Limited: <http://www.hkexnews.hk>

Official website of the Company: <http://www.ccnew.com>

Feedback

If you have any questions or suggestions regarding the ESG report or the ESG work of the Group, please contact us through the following contact information:

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Email: investor@ccnew.com

Official website: <http://www.ccnew.com>

“

2019 marks the 70th anniversary of the founding of the People's Republic of China and is a crucial year for completing the building of a moderately prosperous society in all respects. In the past year, we have taken a series of important statements on capital market made by General Secretary Xi Jinping as the fundamental basis, grasped the strategic opportunity period brought by the in-depth adjustment of the industry, continued to deepen the reform, forged ahead and made a solid step of the “Second Take-off”.

”



Message from the Management

In the past year, our ability to support the real economy has been significantly enhanced mainly through “investment banking+ investment” business. Investment Banks have completed 32 key projects, helped enterprises to raise more than RMB 10 billion in the capital market, significantly improved the ranking of equity underwriting and mergers and acquisitions financial advisory business, and invested and co-led the underwriting of Henan's first and also the first STAR Market listed enterprises in six central provinces. Investment subsidiaries led to the promotion of social capital, increased support for high-tech and innovative enterprises, actively participated in the support of private enterprises, and closely linked with investment banks and endowed enterprises with energy. The three invested enterprises were successfully listed within the year. The Equity Exchange Co.'s accumulative listed exhibition enterprise ranks the first in the six provinces in central and western China and the sixth in the Country. The Group helped the listed enterprise to achieve over RMB 2 billion of newly increased financing and over RMB 6 billion of accumulative financing.

In the past year, we took thematic education and inspections by the provincial committee of Henan province as strong driving forces to strengthen weak links, plug loopholes, strengthen the compliance risk control system and improve management. We guard against and defuse financial risks and ensure that all business risks are generally measurable, controllable and bearable. The Group's annual classification rating rose five levels, which was the largest increase among securities companies; During the evaluation period, “Central China Investor Education Base” was publicized by CSRC as the third batch of national investment and education bases to be named.

This year, we actively responded to the call of national crucial strategy that capital market should service the Country to battle poverty, unswervingly make efforts to promote targeted poverty alleviation and undertake public welfare by donating more than RMB 6 million during the whole year. We took lead in setting up the foundation for

poverty alleviation in Henan Province, whose financing scale has reached RMB 640 and we have become a pioneer among national securities firms. Relying on the advantages of comprehensive brokerage industry chain and the characteristic resources of poor areas, we helped Lankao county, Shangcai county, Gushi county and Tongbai county in Henan province to enhance their “hematopoietic” function by taking “investment banking+ investment” business as the carrier and focusing on industrial cultivation. The Group's performance of social responsibility has been fully recognized at home and overseas. In the 9th “China Securities Golden Bauhinia Award” held by Hong Kong Ta Kung Wen Wei Media Group Limited and Hong Kong famous financial institutions, Central China Securities won the annual “Most Socially Responsible Listed Company” award.

2020 will be a decisive year in the decisive battle to complete the building of a moderately prosperous society in all respects and eradicate poverty. China's capital market will also formally enter “the era of registration system” , bringing unprecedented development opportunities to the securities industry. At the same time, we will also formally enter into a crucial year of hard work to achieve the “Second Take-off” of the Group!

Standing on a new starting point, we will be guided by Xi Jinping thought on socialism with Chinese characteristics for a new era. Under the guidance of high-level Party building, we will personally dive into the industry, seize every minute and coordinate various tasks such as business development, risk resolution and social responsibility to speed up the implementation process of the “Second Take-off” of the Group and make greater contributions for the society, investors and employees.

Mr. Jian Mingjun,
Chairman of the Group

About Us

Company Profile

As of the end of the reporting period, the Group's total assets were nearly RMB **50** billion, and the client assets under its management were more than RMB **200** billion

Central China Securities is the only securities company in Henan Province registered as a legal person. The business scope of the Group includes securities brokerage; securities investment consulting; financial advisory services relating to securities trading and securities investment activities; underwriting and sponsorship of offering and listing of securities; proprietary trading of securities; securities asset management; proxy sale of securities investment funds; intermediary introduction business for futures companies; margin financing and securities lending business and proxy sale of financial products business.

For more than ten years since its establishment in 2002, the Group has successfully achieved its listing on the main board of the SEHK and the Shanghai Stock Exchange successively, which made it the first financial institution from Henan to be listed in two stock exchanges, and one of the representative enterprises of “Henan’s force in the financial sector”.

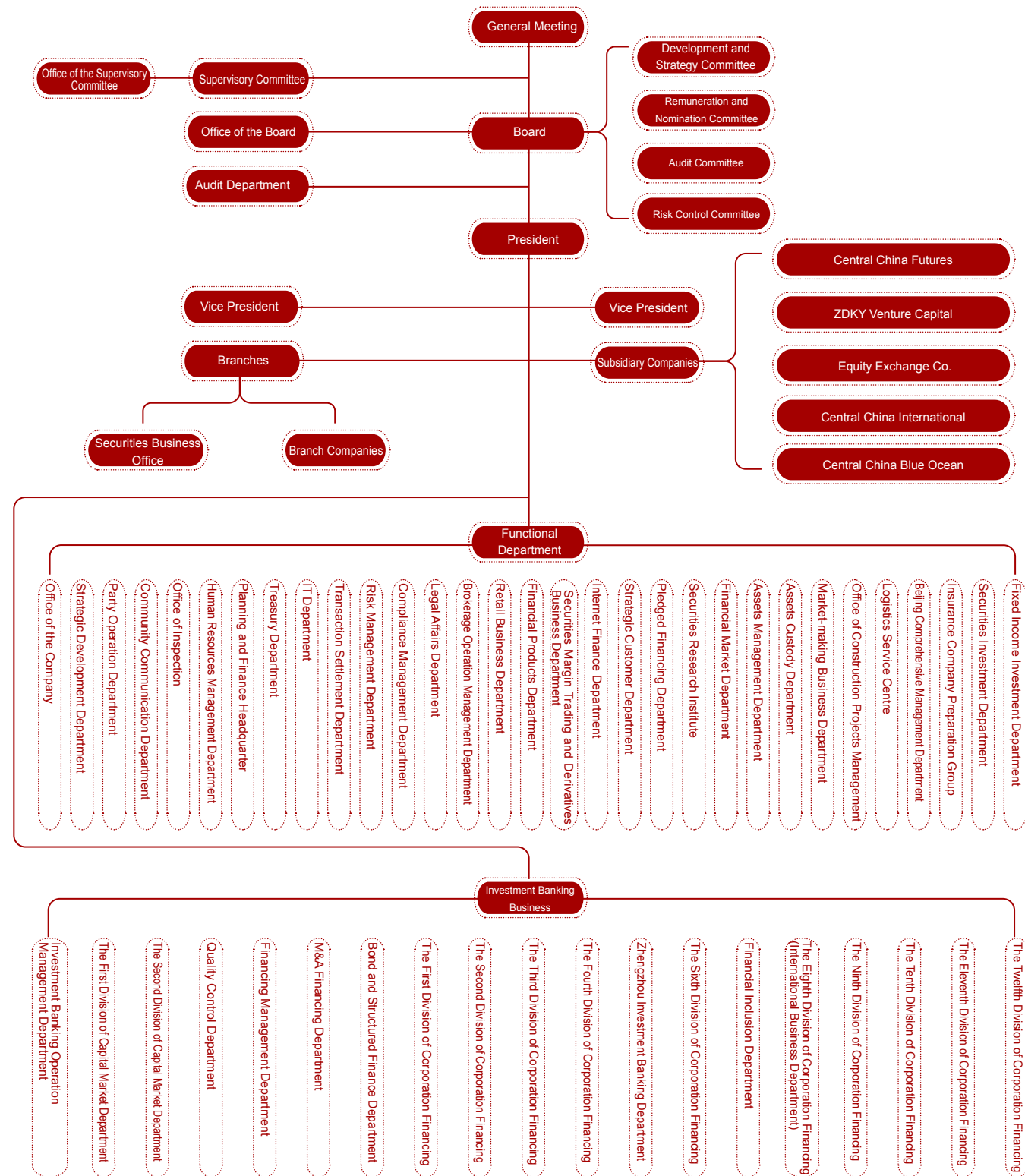
As of the end of the reporting period, the Group's total assets were nearly RMB 50 billion, and the client assets under its management were more than RMB 200 billion. On the basis of the stable development of the securities business, the Group has formed relatively complete eight major sectors, namely Shanghai Branch Company, Hong Kong Subsidiary Company and North American Platform, Beijing Branch Company, Equity Exchange Co., Central China Micro-lending, Central China Futures, the equity investment company “Central China Blue Ocean” and the private equity fund management company “ZDKY Venture Capital”. At the same time, the Group is accelerating the preparation of the Central China Life Insurance Company in accordance with the requirements of the Henan Provincial Government. As the framework of a modern and international large financial holding group is basically established, the Group has possessed abundant financial instruments and relatively strong comprehensive capacity in serving the real economy.

Corporate Culture



Organizational Structure

The organizational structure diagram of the Group is shown below.



Company Locations

As of the end of the reporting period, the Group had a total of 88 securities business offices, distributed in 13 provinces, autonomous regions and municipalities across the country. The specific distribution is as follows:

Region	The Number of Securities Business Offices
Henan Province	72
Beijing	2
Shanghai	2
Zhejiang Province	2
Guangdong Province	2
Hubei Province	1
Hunan Province	1
Jiangsu Province	1
Shaanxi Province	1
Shandong Province	1
Hebei Province	1
Tianjin	1
Shanxi Province	1

As of the end of the reporting period, the Group has a total of 27 branch companies, the specific distribution is as follows:

Region	The Number of Branch Companies
Henan Province	17
Shandong Province	2
Shanghai	2
Beijing	1
Jiangsu Province	1
Hunan Province	1
Guangdong Province	1
Sichuan Province	1
Hainan Province	1

- The Number of Securities Business Offices
- The Number of Branch Companies
- The Number of Subsidy Companies

As of the end of the reporting period, the Group has a total of 5 companies that were directly controlled by the Group, including 4 domestic subsidiaries and 1 overseas subsidiary. The specific distribution is as follows:

Region	The Number of Subsidy Companies
Henan Province	3
Beijing	1
Hong Kong	1



Principal Businesses

The principal businesses engaged by the Group include brokerage business, investment banking business, investment management business, proprietary trading business and offshore business.

The Group's brokerage business refers to the Group's business of trading of stocks, funds, bonds and futures on behalf of the customers based on their engagement. The Group also provides investment consulting services, financial planning services, and financing services such as margin trading and stock pledges. The Group earns income by collecting commissions, financing interest and other service fees.

The Group's investment banking business mainly includes the underwriting and sponsorship business of equity securities, the underwriting business of bond products, the financial consultancy business regarding mergers and acquisitions, and business for the National Equities Exchange and Quotations. The Group obtains the corresponding returns such as underwriting fee, sponsorship fee and financial consultancy fee by providing the aforesaid financial services to customers.

The Group's investment management business is mainly comprised of asset management business, private fund management business, and alternative investment business. The Group earns management fees and excess income distribution through asset management business and private fund management business and obtains investment income from its own capital investment.

The scope of investment of the proprietary trading business of the Group includes publicly offered stocks, bonds, funds, derivatives and other financial products approved by the CSRC. The Group earns investment income by investing in the above products.

The Group's overseas business scope covers comprehensive capital market services, including securities brokerage, margin financing, futures brokerage, investment banking, asset management, securities research, proprietary investment, etc.

History



Honors of the Year

On November 9, 2019

The Company won the "Best Innovative Poverty Alleviation Award of the Year" at the 3rd Capital Market Poverty Alleviation Summit Forum organized by the People's Daily, Poverty Alleviation Office of CBIRC and International Finance News of the People's Daily.



On December 5, 2019

The Central China Investor Education Base was approved by the CSRC and was shortlisted for the third group of national securities and futures investor education bases to be named.

In December 2019

At the 9th China Securities Golden Bauhinia Awards Ceremony jointly organized by Hong Kong Ta Kung Wen Wei Media Group and Hong Kong's famous financial institutions, the Group's Chairman Jian Mingjun was awarded "Outstanding Entrepreneur of the Year" and Central China Securities won "the Most Socially Responsible Listed Company of the Year" award.



The Group won "the Most Socially Responsible Listed Company of the Year" award

On December 27, 2019

In the 3rd Golden Horse Awards Ceremony held by the Securities Daily, Central China Securities won the "Excellence Award for Serving Real Economy".

Strategic Objectives

By continuously deepening the internal reforms of the Group, creating core competitiveness, comprehensively improving the level of professional services, strengthening investment banks, making excellent investments and accelerating the transition to wealth management, the Group's compliance risk control level has been significantly improved, and the professional capabilities of leaders and employees have been significantly improved. It is in the top tier of national securities companies in terms of capital strength and profitability, and the ranks of some important business areas have significantly moved forward, achieving the "Second Take-off".



01

ESG Management

- ESG Strategy
- Stakeholder Communication
- Materiality Survey and Analysis



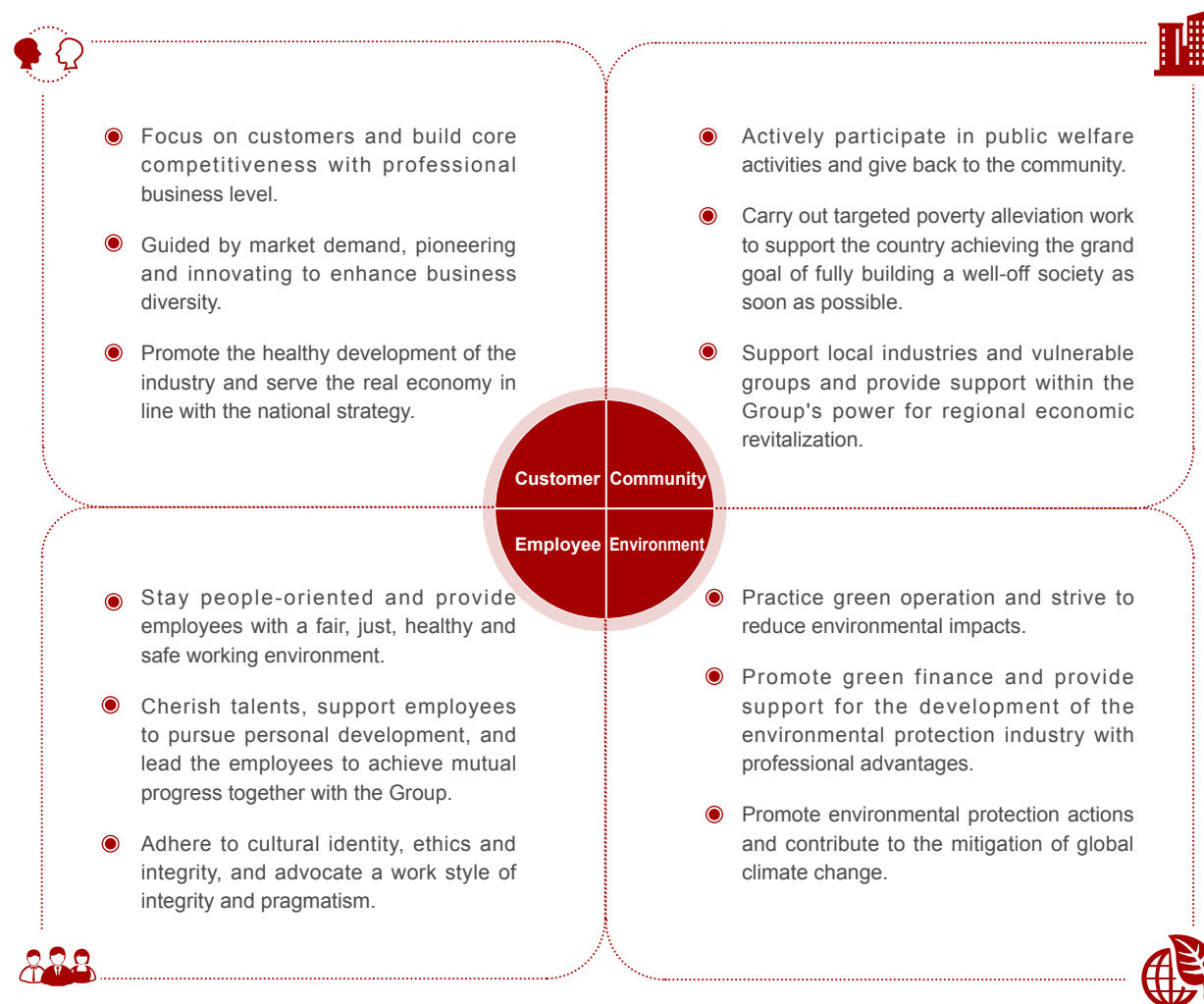
ESG Strategy

The Group actively practices the ESG strategy, establishes ESG management objectives, and continuously promotes and deepens the ESG work process.

During the reporting period, the Board of Directors of the Group has formulated ESG-related management guidelines, strategies, priorities and objectives by evaluating the ESG-related risks and opportunities of the Group. At the same time, the Board of Directors ensures that the Group provides appropriate and effective risk management and internal control systems, promotes the integration of the ESG concept with the Group's development strategy and management, and assumes overall responsibility for the Group's environmental, social and governance work. Based on the summary of the current ESG work, the Board of Directors also put forward suggestions and plans for future ESG related work, including strengthening stakeholder communication and inviting a wider range of stakeholders to participate in investigations of material ESG issues and other matters.

In the future, the Group will deepen reforms, continue to improve its ESG governance structure, ensure that the Board of Directors plays a more important role in the supervision and performance evaluation of ESG work and truly achieve the incorporation of environmental and social issues into business decision-making, and providing system guarantee for the high level ESG management.

The ESG philosophy of the Group that focuses the customer, the community, the employee and the environment is as follows.









Stakeholder Communication

The Group attaches great importance to communication with stakeholders. Through the establishment of a normalized communication mechanism, it has an in-depth understanding of the demands and comments of various stakeholders and accordingly determines the Group's ESG work plan based on the feedbacks.

During the reporting period, the main stakeholders identified by the Group include government or regulatory agencies, employees, customers or potential customers, investors or shareholders, communities and the public and industry representatives.

Important stakeholders, main communication channels and issues of concern

Stakeholders	Responsibility Concept	Main Communication Channels	Concerned Issues
 Government or regulatory agency	The government plays a regulatory role in our business operations.	<ul style="list-style-type: none"> Institutional inspection Policy implementation Major meeting Compliance management Reporting of events 	<ul style="list-style-type: none"> Targeted poverty alleviation Anti-corruption Compliance management Emissions management
 Employees	Employees are the cornerstone of the Group's survival and development as well as our core strategic resources.	<ul style="list-style-type: none"> Employee suggestion box Union communication Survey Employee activities 	<ul style="list-style-type: none"> Employment and employee benefits Staff development and training Occupational health and safety Labor standards
 Customers or potential customers	We insist on being customer-centric and using professional services to create value for customers.	<ul style="list-style-type: none"> Customer visits Survey Complaint hotline 	<ul style="list-style-type: none"> Product responsibility Customer service and complaint management Customer privacy and data security
 Investors or shareholders	We value shareholder returns and are committed to creating value for investors.	<ul style="list-style-type: none"> Shareholders' meetings Information disclosure Reception visit Investor meeting Questionnaire 	<ul style="list-style-type: none"> Profitability Corporate governance Risk control Information disclosure transparency
 Community and the public	A harmonious and stable social environment is the prerequisite for our survival and development.	<ul style="list-style-type: none"> Community interaction Financial poverty alleviation Corporate Job Fair Questionnaire 	<ul style="list-style-type: none"> Community investment Inclusive finance
 Industry representatives	We hope to work closely with industry representatives to promote the development and progress of the entire industry.	<ul style="list-style-type: none"> Communication meeting Questionnaire 	<ul style="list-style-type: none"> Compliance management

During the reporting period, the Group organized a variety of activities and meetings, aimed at strengthening communication with various stakeholders and timely understanding of different stakeholders' feedback on the Group's ESG work, so as to continuously adjust the work directions according to the most concerned issues and improve the work process.

Case >> 6th Meeting of the 6th Board of Directors of Central China Securities



Case >> The Group held a forum and frontline employee meeting on the theme of "Remain True to the Original Aspiration and Keep the Mission Firmly in Mind"



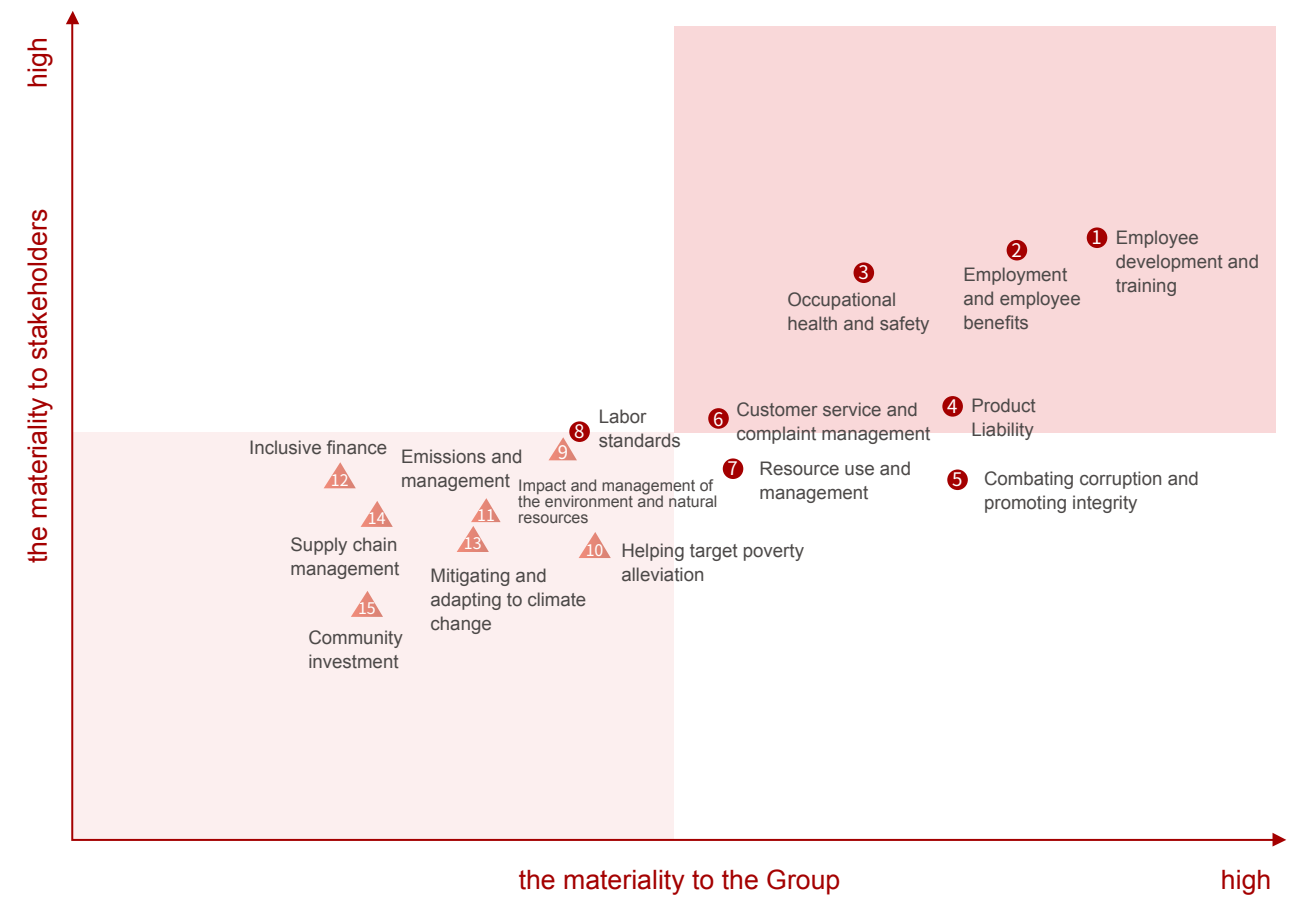
Materiality Survey and Analysis

During the reporting period, the Group formulated an ESG issue database with reference to the compilation basis of the Report, and used the questionnaire to consult with the stakeholders of the Group about their important evaluation opinions on various ESG issues to determine the most material ESG issues of the Group. Participants in this survey included eight different internal and external stakeholder groups, including the Board of Directors, the Board of Supervisors, senior management of the Group, general employees of the Group, customers or potential customers, investors or shareholders, community and public and industry representatives. A total of 445 valid responses were collected in the survey.

The stakeholder survey provided a comprehensive evaluation of the ESG issues from the two dimensions of "importance to stakeholders" and "importance to the Group". The evaluation results are shown in the following matrix diagrams and tables. The materiality of each issue has been sorted in order from 1 to 15 and is classified as "the most material issues" and "the less material issues". In the Report, we will focus on responding to the Group's management and performance related to "the most material issues" during the reporting period, and disclosing relevant information on "the less important issues" in accordance with expectations and demands from various stakeholders. The Board of Directors of the Group has reviewed and confirmed the material ESG issues and the reporting boundary of the Report.

Analysis of the materiality of ESG issues in 2019

● The most material issues ▲ The less material issues



02

Comply with the Regulations to Foster a Culture of Clean Government

Anti-corruption

Compliance Management

Anti-money Laundering

Risk Management

Information Security

Pay Taxes in Compliance with Law





Anti-corruption

Under the guidance of Xi Jinping thought on socialism with Chinese characteristics for a new era, the Group has strengthened the Party's political construction in accordance with the Party Central Committee and the Party Committee of Henan Province's deployment of work regarding comprehensive and strict Party Building. The Group carried out in-depth theme education to ensure a strong political basis for the Company's "Second Take-off".

The Group complies with laws and regulations such as the *Supervision Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*, the *Provisions on the Professional Integrity of Securities and Futures Business Institutions and Their Employees*, the *Corruption of Leaders of State-owned Enterprises Several Regulations on Practice* and other local and industry regulations, and the Group resolutely prevents and eliminates violations of bribery, extortion, fraud and money laundering that are prohibited by relevant laws. For example, employee members of financial institutions shall not request or illegally accept the property from others during financial business activities, seek profits for others, or accept rebates, handling fees, etc. under various names against national regulations.

In order to strengthen the construction of a clean government, the Group has formulated a series of management policies and methods to resolutely prevent corruption and other violations of the law and discipline, including the convening of the Group's annual Party ethics and clean government construction meeting, the organization of the leadership team members and the principals of all units to sign comprehensive strict responsibility letter for governing the Party, compiling the key points of the Disciplinary Committee work, strengthening the education of integrity, carrying out daily supervision, continuing to carry out disciplinary work during the holidays, implementing the self-examination and spot-checking special activities of eight-point regulation of Central Committee of the Communist Party of China, and rectification of leaders' illegal business operations, use of precious special resources for special products for the purpose of private interests, etc. The Group also started inspection work to focus on finding problems and promoting rectification. The Group made good and flexible use of inspection and supervision proposals by discipline inspection authorities, promoting the normalization of reforms by case, promoting the extension of discipline inspection and supervision functions to the grassroots level and promoting the discipline inspection authorities' role in grassroots level, etc. At the same time, the Group has formulated comprehensive and multi-level anti-corruption measures and whistle-blowing procedures, including providing unobstructed whistle-blowing methods such as reporting telephone numbers and email addresses.

In addition, the Group has also actively carried out special activities to prevent corruption, such as the special training on "Prevention of Duty Crimes", the conduct of new leaders' integrity talks, the promotion of reforms by case, etc., so as to effectively enhance employees' professional ethics and law-abiding awareness. The Group always abides by the law. As of the end of the reporting period, the Group has not received any legal cases regarding corruption and bribery.



Compliance Management



the Group organized
20 internal inspections

Under the supervision and guidance of the regulatory institutions, the Group has always regarded compliance as the lifeline of its business development. The Board of Directors and the management of the Group attached great importance to compliance management work and promoted a compliance culture in the Group. The Group's ability to control compliance risks gradually increased and the Group's standardization of business management and occupational behaviors gradually improved.

The Group has established and continuously optimized the organizational structure of compliance management, forming a four-level vertical compliance management work chain comprised of the Board of Directors, compliance director, compliance management department, and compliance management personnel of each branch. The responsibilities assigned to each level were clear and the reporting paths are smooth. The Group established a working mechanism for coordination and interaction between the compliance management department and other internal control functional departments, which played an effective role in governing the compliance operations of all units of the Group.

During the reporting period, in accordance with regulatory and self-regulatory requirements, as well as combining the Group's actual demands in management and business operations, the Group organized 20 internal inspections including special inspections on bond trading compliance, investment banking project related parties compliance inspections, the inspection on investors' suitability, on-site inspection on the branches, on-site inspection on anti-money laundering, special inspection on investment banking business, special inspection on compliance management of subsidiary companies, compliance inspection on asset management business, etc.



Anti-money Laundering

The *Anti-Money Laundering Law of the People's Republic of China*, the *Counterterrorism Law of the People's Republic of China*, the *Provisions on Anti-money Laundering through Financial Institutions* and other laws and regulations stipulate that the financial institutions based in China shall take preventive and monitoring measures in accordance with the law, and establish and improve a customer identification system, a preservation system for its clients' identity materials and transactional records, a reporting system of large sum transactions and doubtful transactions, and fulfill its anti-money laundering obligations. In compliance with the above legal requirements, the Group resolutely implements the People's Bank of China's requirements on the *Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions*, the *Measures for the Anti-Money Laundering Supervision and Administration of Financial Institutions* and other policy requirements, so that the occurrence of illegal and criminal activities can be prevented, and a stable and sustainable atmosphere of development can be guaranteed for the Group.

The Group has formulated the *Management Measures for Reports on Large Amount and Suspicious Transactions* and other related management measures. At the same time, the Company has formulated the monitoring indicators for suspicious transactions containing 14 suspicious transaction feature models and 48 suspicious transaction testing standards, which are based on the securities market environment, the business scope of the Group and the daily monitoring of suspicious transactions.

The Group has always adhered to the work method of combining internal education with external publicity, highlighting the "risk-based" working principles and conducting regular publicity and mobilization through various forms such as meetings, documents, websites, announcements and compliance information in the daily operation process:

01

The Group carefully studied the regulations of the People's Bank of China on preventing anti-money laundering and leakage, and issued supervision letters to the subordinate units, requesting all units to ensure anti-money laundering information confidentiality and data preservation, and to strictly prevent the risk of leakage.

02

The Group conducted case publicity for employees in the theme of "fight against drug crimes and be vigilant to drug money laundering" through the Group's WeChat public articles during the International Day against Drug Abuse and Illicit Trafficking.

03

The Group sent two sessions of supervision news on the anti-money laundering punishment to the senior management and each unit of the Group through emails and compliance platforms in order to strengthen internal publicity and precautions.

04

All branches have also carried out various forms of anti-money laundering publicity, including "Join the Healthy Run for All, Engage Everyone in Anti-Money Laundering", "Financial Stories to Kids (Anti-Money Laundering)", "Anti-Money Laundering Themed Riddles", "Anti-Money Laundering Short Video Contest" and other characteristic activities. Through a variety of anti-money laundering publicity methods, the Group not only enhanced employees' initiative and consciousness in fulfilling their anti-money laundering obligations, but also enhanced the public's anti-money laundering awareness and promoted the Group's anti-money laundering work in the future.

In order to further improve the level of anti-money laundering work and enhance risk management capabilities, the Group organized various forms of internal anti-money laundering training for different positions and different businesses.

Case » Video training on anti-money laundering policy and practice

On April 18, 2019 and December 18, 2019, the Group organized two sessions of anti-money laundering policy and practice video training to deliver the latest regulatory developments and work requirements to all anti-money laundering employees, which further improved the business abilities of anti-money laundering employees.

Case » On-site training for compliance management of branches

From November 14 to November 15, 2019, the Group organized on-site training on compliance management for branches conducting brokerage business, and communicated the new trends of anti-money laundering supervision in the industry, the on-site inspection results of the People's Bank of China and the requirements of anti-money laundering policies for the branches to the heads of brokerage business related branches and compliance administrators. The training further increased the attention of branches to the anti-money laundering work and strengthened the front-line management of anti-money laundering work.



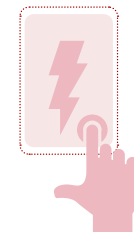
⚡ Risk Management

During the reporting period, the Group continued to implement the regulatory requirements of the Regulation on the Comprehensive Risk Management of Securities Companies and the Measures for the Administration of the Risk Control Indicators of Securities Companies, and constantly revised and supplemented the internal risk management system. The Group continued to optimize its comprehensive risk management system by continuously improving and strengthening the risk management system and risk management organizational structure, the risk management information technology system, the risk control indicator system, the building of professional team, the risk response mechanism, etc.

The Group has formulated a risk appetite and tolerance system, which was integrated in the Group's development strategies, which by implementation of periodic and unscheduled stress tests to assess extreme risks, is able to ensure a multi-level risk management system covering the scope of the Group. The Group continued to promote the construction of risk management information systems by setting up a special budget for risk information systems, building a centralized, efficient and quantified risk management technic, improving the informatization level of its risk management, and further enhancing the ability of risk identification, quantitative risk assessment and risk control. The Group incorporated the subsidiaries into its comprehensive risk management system, and explored the construction of an effective risk management model for subsidiaries, in order to ensure that the comprehensive risk management system was compatible with the Group's development strategy, so as to guarantee the stable and sustainable development of businesses.

Case » Dynamic monitoring and management work model of risk control indicator system

The Group strictly monitored, warned and reported on various indicators in accordance with the regulatory requirements of the China Securities Regulatory Commission, and has established a risk control indicator system with net capital and liquidity as its cores. The Group continuously optimized the function of the dynamic monitoring system for net capital and liquidity to ensure that the dynamic monitoring system could effectively support the monitoring of risk control indicators such as net capital and liquidity within the Group. In accordance with the requirements of the *Guidelines for Stress Tests of Securities Companies* of the Security Association of China, the Group has established a complete stress testing mechanism and conducted stress testing regularly and irregularly. During the reporting period, the Group regularly wrote the Risk Management Monthly Report on the basis of the above-mentioned series of risk management activities to conduct a comprehensive analysis and evaluation of the Company's finance and net capital risk conditions to achieve effective control of financial and net capital risks. During the reporting period, the Company's main risk control indicators, such as net capital, has met all regulatory requirements.



Case » Risk control indicator supplement mechanism



The Group has established a dynamic mechanism of risk control indicators such as net capital. When the main risk control indicators such as net capital were close to or meet the early warning level stipulated by the CSRC, the Group would supplement the risk control indicators such as net capital by adopting methods like controlling business scale, adjusting the asset structure, issuing subordinated debt, raising capital, etc., in order to effectively guarantee that the Group's main risk control indicators such as net capital could meet the standards continuously. Taking into account the needs for further development of the Group's businesses, and in accordance with the Group's capital plan, the Group continued to issue long-term subordinated debt during the reporting period, and prepared for the Group's private placement plan, so as to maintain and enhance its capital strength continuously. By strengthening the ability of capital management, improving the quality of capital, enhancing the guidance and restraint of capital on the development of various businesses. The Group continuously improved the efficiency of capital use, so as to ensure the sustainable, healthy and rapid development of each business line with sufficient capital to maximize the value of shareholders.

Information Security

The Group complies with laws, regulations and management measures such as the *Regulations of the People's Republic of China on Protecting the safety of Computer Information System*, the *Emergency Response Law of the People's Republic of China*, the *Administrative Measures for the Graded Protection of Information Security*, the *Measures for the Administration of Information Safety Protection in the Securities and Futures Industries*, *Norms for the Information Technology Management of Securities Companies* and the *Measures for the Reporting, Investigation and Handling of Information Security Incidents in the Securities and Futures Industry*, etc. At the same time, the Group established and improved the safety working mechanism to ensure the safe and stable operation of the Group's information system. During the reporting period, the Group did not violate any national laws and local regulations related to information security.

The *Measures for the Administration of Information Safety Protection in the Securities and Futures Industries* and other laws and regulations clearly state that operating agencies should strengthen the management of information security and confidentiality, and ensure the information security of investors. In order to strengthening the information security management and customer privacy protection, the Group has established internal policies such as the *Measures for Administration of Computer Information System Security in Central China Securities Co., Ltd.*, and the *Response Plan of Network and Information Security Incident Emergency in Central China Securities Co., Ltd.*, etc., and the internal policies were constantly updated and revised based on the security problems discovered during the operation as well as the security requirements that advanced with time to improve the management level of information security from the system level.

The Group implemented the working principle of “fulfilling its own duties and doing its best to strengthen collaboration and ensure safety”, and adhered to the working methods of “active monitoring, strict prevention, preparation for peacetime and wartime, summary and prevention”. The Group has set up organizational structure for safety management and emergency response, which implemented the responsibility of prevention and handling of network and information security incidents to specific personnel, and effectively maintained physical security, network security, host/ terminal security, application security and data security.

Information Security Management Organization and Responsibilities

Safety management organization	Responsibilities
The Security Leading Group	» Make decisions on major security work of the Group's information system, and coordinates information security and notification.
The Security Management Group of the Information Technology Headquarters	» Responsible for establishing and improving the security management system and methods of the Group's information system, and implementing it.
The Security Specialist	» Responsible for the specific implementation of planning programs in information system security management.

The Group's Information Security Management System

» Technical guarantee «

The Group has established an overall information security assurance system which centered on the principle of security, constituted with security technology defense system, security group organization management system and security operation and maintenance system as three basic points. The Group has planned and deployed a security technology protection system of beforehand prevention, in-progress monitoring and post-auditing, using multi-level security technology protection methods such as firewall, WAF, Internet traffic monitoring, etc., through the division of security domains and the implementation of various security technology protection measures to ensure the safety and stability of the information system.

» Management guarantee «

The Group's information system security management implements a unified leadership and hierarchical management system. The Company sets up an information security leadership group, in which the Company's president serves as the team leader and is responsible for the information system security leadership and is the ultimate responsible person for the Company's information system security. The chief information officer serves as the deputy team leader, specifically in charge of information system security management. The information technology headquarter is specifically responsible for company information for system security management, and the heads of departments in headquarters and the branches are members of the team and are responsible for the security work of the information system of each department.

Case » Business continuity system

The Group continued to promote the construction of business continuity management projects, through the implementation of business continuity management and the business-related ISO 22301 certification, in order to continuously improve its emergency response capabilities. The operation of the system effectively reduced and maximized the avoidance of emergency situations of the Group's information system such as accidents and disasters during the business operation, which also ensured that the Group could respond quickly from top to bottom in the emergency and initiate an emergency mechanism to minimize loss and impact.

Case » Regular vulnerability scanning

The Group organized a penetration scanning once a month to comprehensively inspect on all IP addresses of the Group's Internet, and a vulnerability scanning report would be sent. In addition, the Group organized a vulnerability scanning for the hosts of computer room every quarter and an Internet vulnerability scanning once a week. Regarding the vulnerabilities found in the scanning, all rectifications were processed in accordance with the IT operation and maintenance platform process.

Case » Implementation of graded protection and equivalent guarantee safety evaluation

The Group has clarified that the IT Department is the responsible department for graded protection and assigned dedicated personnel to carry out the graded protection of information security. We have classified two level-3 systems: “Centralized Trading System” and “Online Trading System”, and four level-2 systems: “Corporate Clearing System”, “Call Center System”, “Portal System” and “Mail System”, as well as filed with the China Securities Association. Graded protection evaluation was organized once a year.

During the reporting period, the Group responded to the needs of its business quickly by continuously improving and optimizing the IT operation and maintenance system. In order to consolidate the basis for guarantee the IT operation and maintenance system, the Group increased investment in new technology applications, security reinforcement, and infrastructure updates, and has adopted a stable and efficient technical framework. All of those measures have effectively supported the business development of the Group.

The Group always adheres to the business philosophy of “Integrity, Standardization and Steady Development” and follows the tax management principles of “pay taxes in compliance with law and pay as much as we should”. The Group attaches great importance to tax management and has established a relatively complete tax management system. The Group always strictly implements various tax policies, operates in accordance with regulations and pays taxes in compliance with law.

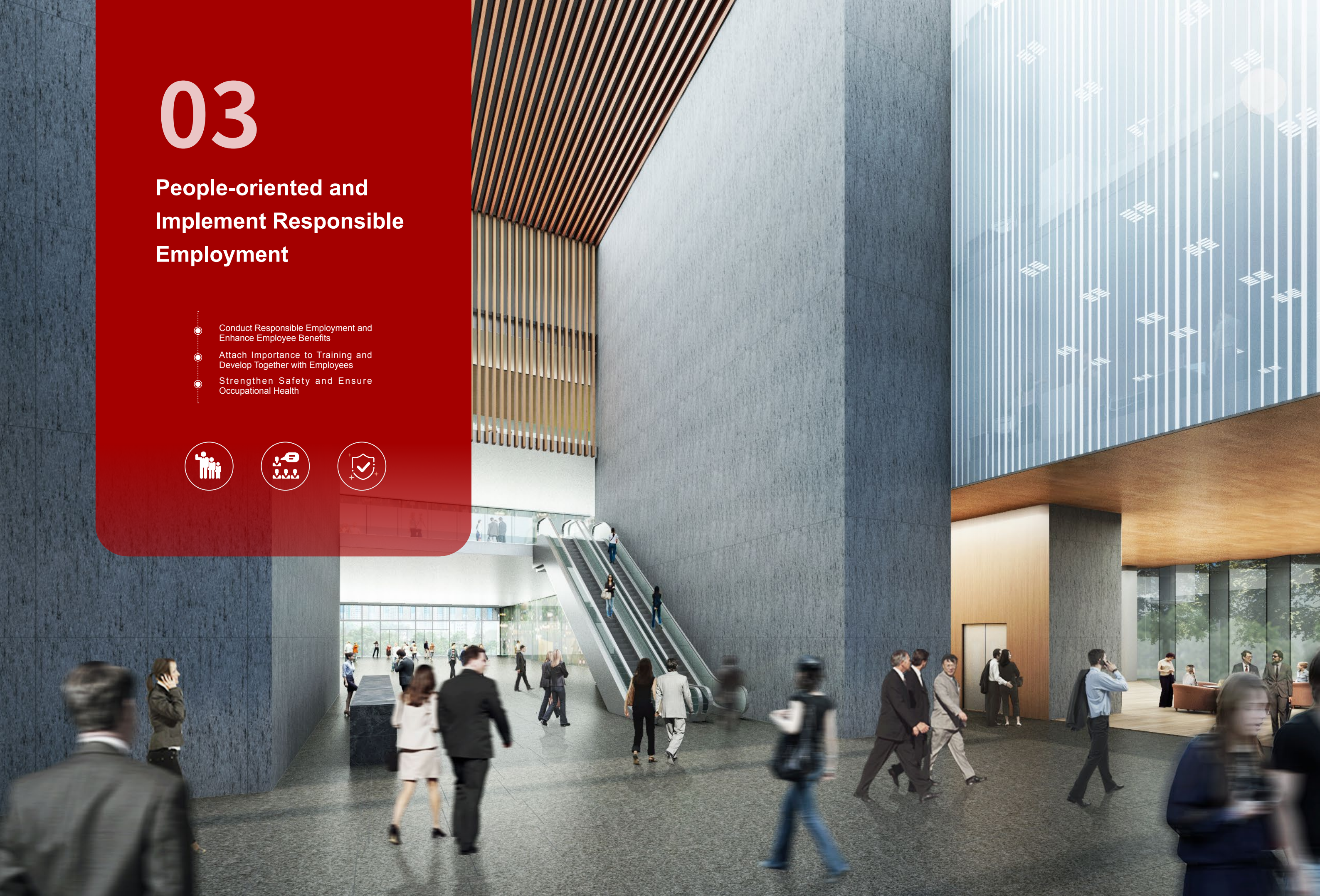
During the reporting period, as one of the key tax source enterprises in Henan Province, the Group declared and paid various taxes of RMB 299 million. The Group has been rated as a Class A tax credit enterprise for many years and promoted the rapid economic and social development of Henan Province.

Pay Taxes in Compliance with Law

03

People-oriented and Implement Responsible Employment

- Conduct Responsible Employment and Enhance Employee Benefits
- Attach Importance to Training and Develop Together with Employees
- Strengthen Safety and Ensure Occupational Health





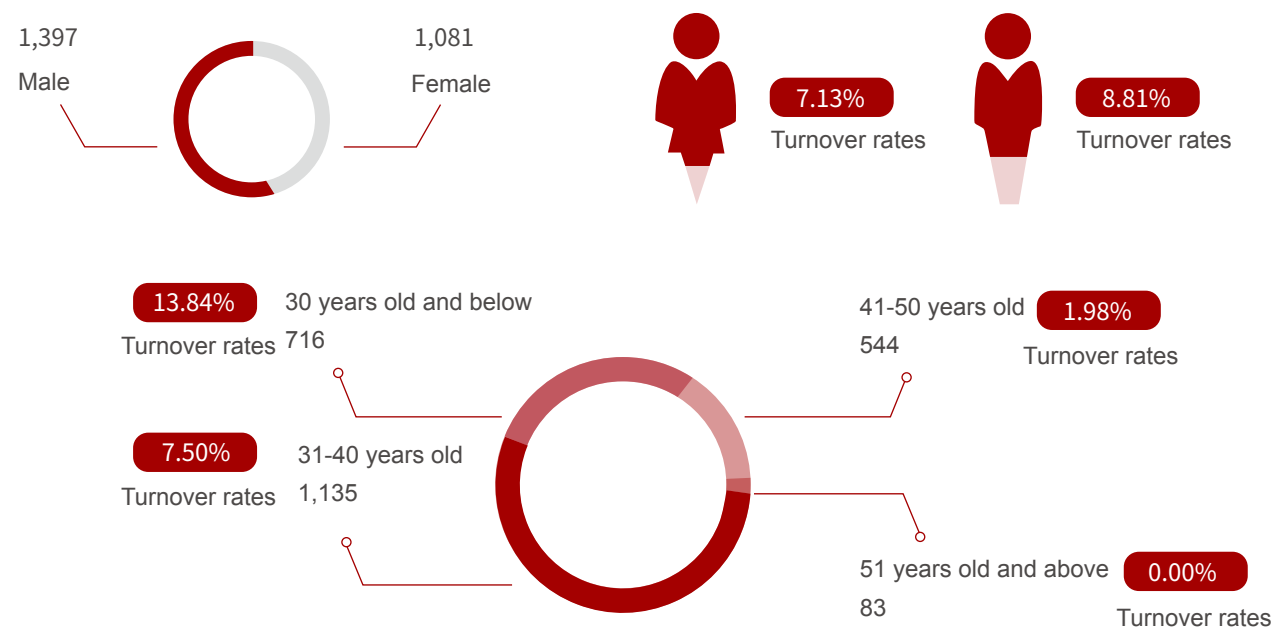
Conduct Responsible Employment and Enhance Employee Benefits

Employment Management

The *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Special Rules on the Labor Protection of Female Employees* and other legal provisions stipulate that employers shall guarantee that laborers enjoy the right to be employed on an equal basis and choose occupations, obtain remunerations for labor, take rests, have holidays and leaves, receive labor safety and sanitation protection, get training in professional skills, enjoy social insurance and welfare treatment, and submit applications for settlement of labor disputes, and other labor rights. The Group abides by the above laws and regulations and follows the principles of lawfulness, fairness and good faith in the process of employee recruitment and management. During the reporting period, there was no violation of any of the above-mentioned laws and regulations on employment that have a significant impact on the Group. The Group conducts resignation and dismissal work in accordance with legal regulations. Both the Group and employees must inform the other party in advance of the decision to dismiss or resign in writing on the basis of voluntary equality and complete the handover and transfer of employee files, social insurance and other matters in accordance with the regulations.

As of the end of the reporting period, the Group had 2,835 employees within the scope of the Report. Central China Securities and the Branches have a total of 2,478 employees, of which the number of employees and the turnover rates by different categories such as gender, age, education backgrounds, and geographical region can be found in the figure below.

2019 employment statistics of the Company and the branches



In order to effectively protect the legitimate rights and interests of employees, the Group has formulated the *Employee Management Measures*, *Attendance Management Measures*, *Employee Recruitment Management Measures*, *Housing Provident Fund Management Measures*, *Guidelines for the Administration of New Employees' Probation Period*, *Opinions on Further Strengthening the Management of Employees* and other management policies, which clearly regulate the management, implementation and supervision processes regarding labor employment, work time and attendance, vacation system, compensation and benefits, performance management, and employee development. Male and female employees receive equal pay for equal work, and any sex discrimination or differential treatment is eliminated. Under normal circumstances, the Group implements a five-day and eight-hour work system. Employees are legally entitled to statutory holidays and weekends. The Group strictly complies with the relevant laws to adjust working hours if needed. All employees of the Group enjoy fair and equal opportunities for promotion. When considering the promotion of employees, the Group incorporates considerations such as performance appraisal and work attendance according to law, encourages outstanding talents to take on important tasks and encourages employees and the Group to achieve mutual growth. During the recruitment process, the Group strictly and repeatedly checks the age information of all recruits. If it is found that a recruit does not meet the minimum age requirements, he or she will not be hired. The Group resolutely prevents the employment of child labor. the *Labor Contract Law of the People's Republic of China* stipulates that employers shall follow the principles of equality, free will and negotiation for agreement in the formation of a labor contact with laborers. The Group strictly abides by the above regulations to prevent forced labor from occurring.



Talent Management

During the reporting period, the Group successfully introduced **2** investment banking teams with **44** investment banking employees

The coverage of Insurance and Housing Fund reached **100%**

Excellent talents are the core strategic resources for enterprise development.

During the reporting period, the Group further strengthened the building of a professional talent team, vigorously introduced high-end talents and enhanced the vitality of the leaders' team. During the reporting period, the Group successfully introduced 2 investment banking teams with 44 investment banking employees. The introduction of new business teams has laid the foundation for the Group to explore new business areas and cultivate new profit growth points. In addition, the Group recognizes the contribution of employees to the development of the Group, aggressively promotes the use of excellent talents and gives generous rewards financially. For example, the Group actively explores the establishment of employee equity incentive plans. The plans will be implemented in a timely manner after approval by superior competent units when permitted by the external laws and policies.

The Group establishes and continuously improves the remuneration and welfare system, adopts a market-oriented and performance-based employee remuneration structure in accordance with the remuneration incentive target of "internal fairness and external competition", and implements a multi-level and all-round evaluation system with performance and management objectives as its core. Employee remuneration consists of basic wages, allowances, performance bonuses and benefits. The Group upholds the principle of fair and reasonable distribution of more pay for more work and focuses on rewarding employees who have made outstanding contributions to the Group to attract talents and encourage employees' enthusiasm.

The Group's welfare system includes statutory benefits and corporate benefits. In terms of statutory benefits, the Group strictly abides by the relevant laws and regulations such as the *Social Insurance Law of the People's Republic of China*, which stipulates that employers within the territory of China shall pay social insurance premiums in accordance with law and standardizes the internal salaries and benefits management system. During the reporting period, it completed the Insurance and Housing Fund annual review and verification of the annual payment base and paid employees in full and on time in compliance with law, including payment of the basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, maternity insurance and other social insurance and housing provident funds. The coverage of Insurance and Housing Fund reached 100%, and there was no deferred payment of statutory benefits during the reporting period. In addition, the Group provides employees with various additional benefits such as corporate annuities and holiday gifts.



Employee holiday benefits

The Group cares about the work-life balance of its employees and insists on implementing the "three mandatory visit system", namely mandatory visits for employees who are ill and hospitalized, mandatory visits for employees who have major difficulties in household, and mandatory visits for employees whose immediate family member deceased. The labor union of the Group establishes files of employees in difficulty, regularly checks the situation of employees in difficulty and provides timely assistance to employees in difficulty, so that the employees feel the care and warmth of the Group. During the reporting period, the Group organized assistance and visits to employees in difficulties and donated a total of RMB 591 thousand to 132 employees in difficulties in two batches, which formed a good response among the grassroots employees.

The Group advocates the concept of work-life balance and regularly organizes a variety of sports and entertainment activities, including organizing single mixer events and developing sports competitions.

Case » "Meet You, Meet Love, Meet on August 18" singles mixer event

The Group's labor union and the committees of the Communist Youth League held the "Meet You, Meet love, Meet on August 18" networking event on August 18, 2019 to broaden the communication channels for young employees, satisfy the needs of marriage among single employees and build a sincere and friendly communication platform for young friends to get acquainted.



"Meet You, Meet Love, Meet on August 18" singles mixer event

Attach Importance to Training and Develop Together with Employees

The Group continued to increase employee training efforts, vigorously cultivate high-end talents, regard employee training as an important part of employee team building and achieve rapid employee growth through training. The Group has established a hierarchical training system from new employees to on job employees and conducted targeted business training. For new employees, the goal is to ensure that the knowledge and ability of the new employees meet the basic requirements for entrance of job. The training content includes the Group's profile, the Group's cultures, development strategy, management system, job skills, workflow, etc. the Group conducts assessment to review the effectiveness of training. For on job employees, with the goal of improving their ability to perform their duties, differentiated training content was developed. Business knowledge, research and development capabilities, marketing services, management and other knowledge and skills were strengthened. Examinations were combined to promote training as well. The Group encouraged employees to refine their own business capabilities and to continuously improve individual business level, so as to promote mutual development for both parties.



During the reporting period, the Group formulated the *2019 Training Plan*. Based on the Group's development strategy, the Group used face-to-face or mobile network training methods to carry out multi-level employee training, diversified business training, multiple types of compliance training and various innovative training programs to enhance employees' professional skills and capabilities. During the reporting period, the Group's headquarters organized 15 internal training sessions and recorded a total of 1,457 people's participation. The Group participates in the 115 training courses organized by the China Securities Regulatory Commission, the Securities Association of China, and the Organization Department of Henan Party Committee, the Finance Department of Henan Province, Henan Provincial State-owned Assets Supervision and Administration Commission, the stock exchanges, etc. with a total of 232 people's participation. In addition, the Group also organized follow-up profession online training, and the number of course hours per capita was 15 hours. During the reporting period, the overall investment of training funds reached RMB 3.5 million.

As of the end of the reporting period, the Group's employee training coverage rate was as high as 100%.

The Group's headquarters organized **15** internal training sessions and recorded a total of **1,457** people's participation

The Group's employee training coverage rate was as high as **100%**

The overall investment of training funds reached RMB **3.5** million

Case » External training on bond risks

On September 11, 2019, the Securities Association of China held a one-day training of "Special Training Course on Management of Securities Company Bond Default Risk", which aims to improve the professional skills of trainees in dealing with bond risks. The Group organized a total of five employees from the Group's senior management, risk management headquarters and financing management headquarters to participate in this training.

Case » Internal training of professional skills

From October 14 to 16, 2019, the Group organized 95 investment consultants in the retail business department to participate in the 3 days training of "Professional Skills Training of the Branch's Securities Investment Consultants in 2019". The training activities achieved good results and participated employees' responses reflect fruitful achievements.

Strengthen Safety and Ensure Occupational Health

During the reporting period, the people's participation of trainings reached more than **2,700**

It is our most basic responsibility to protect employees' life safety and occupational health. The *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China* and other national laws and regulations stipulate that employers shall create work environment and conditions meeting the national health standards and health requirements and take measures to ensure that employees receive occupational protection. The Group abides by the above laws and regulations and has formulated relevant management policies in accordance with the law to ensure that the Group's business development and employee management both meet the requirements of laws and regulations. During the reporting period, the Group did not violate laws and regulations regarding health and safety.

The Group attaches great importance to the safety of office personnel and actively carries out occupational safety training. The people's participation of trainings reached more than 2,700 throughout the year. In April 2019, the Group organized all employees to participate in fire safety training. The training content involved the prevention of fire hazards, self-rescue and escape skills and the use of fire extinguishing equipment, which not only enhanced employees' fire safety awareness, but also improved their ability to deal with fires. In order to ensure the safety of the office premises during the holidays, the Group organized special personnel to conduct safety investigations, cut off the power of office appliances, close doors and windows and strengthen the monitoring of the computer room, finance room and other places to ensure safety. During the reporting period, the Group had no cases of work-related fatalities, and the number of lost workdays due to work injuries was zero.

Healthy and safe working conditions are one of the specific goals of sustainable development in the UN 2030 Agenda for Sustainable Development. A strong body is not only related to the well-being of employees, but also a guarantee of work efficiency. The Group attaches great importance to the health of employees and adopts various measures such as physical examinations and physical exercise to ensure the health rights and interests of employees.

During the reporting period, the Group organized all employees to participate in the mutual medical assistance activities for major diseases in the provincial unions. In addition, the Group organized all employees to take part in annual physical examinations and added a special physical examination for female workers to ensure the health of employees. During the coronavirus pandemic, the Group issued the *Urgent Notice on the Prevention and Control of Outbreaks of Coronavirus of Central China Securities Co., Ltd.* and actively carried out the prevention and control of the pandemic.

In order to enhance employee's physical fitness, the Group also regularly organized various sports activities such as football matches and table tennis matches.

Case » Participation in the 2019 Zheng-kai International Marathon



On the morning of March 31, 2019, the 2019 Zheng-kai International Marathon started in Zhengdong New District of Zhengzhou. More than 200 employees of the Group signed up for the 5 km event.



Case » Participation in the "2019 Provincial Direct Department's Badminton Invitational Tournament"



On June 1, 2019, the "2019 Provincial Direct Department's Badminton Invitational Tournament" hosted by the Henan Provincial Direct Labor Union was held in Zhengzhou Longhu National Fitness Center. The tournament lasted for two days. The Central China Securities badminton team participated in the competition, and finally made the first place in the team and fought hard to win the 17th place, creating the best record in the history of the Group's badminton team participating in the provincial direct department's badminton tournament.



Case » Participation in the Henan Provincial Swimming Competition

On June 22, 2019, the Central China Securities Swimming Team participated in the Henan Provincial Swimming Competition and won the third place in the team relay race. Four people won the Golden Dolphin Award and three people won the Silver Dolphin Award, which won the collective honor for the Group.



04

Protect Ecology to Promote Green Development

In March 2019, General Secretary Xi Jinping delivered an important speech, scientifically summarizing six principles in promoting the construction of ecological civilization in new eras, which include “adhering to the harmonious coexistence of man and nature”, “adhering to that lucid waters and lush mountains are invaluable assets”, “adhering to that a good ecological environment is the most inclusive well-being of the people”, “adhering to that mountains, waters, forests, farmlands, lakes and grass are the community of life”, “adhering to insistence on protecting the ecological environment with the strictest laws and regulations” and “adhering to collaborating on the global ecological civilization construction”. The Group took these six principles as its working policy and actively undertook the responsibility as corporate citizens to protect the environment and to construct ecological civilization, so as to promote the participation of the whole society in the process of ecological civilization construction.



Reduce Emissions to Build Lucid Waters and Lush Mountains

Save Energy and Reduce Consumption to Achieve Low-Carbon Operation

Innovate Environmental Protection to Serve Green Finance





Reduce Emissions to Build Lucid Waters and Lush Mountains

The Group strictly complies with laws and regulations such as the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, and the *Regulations on the Administration of the Recovery and Disposal of Waste Electrical and Electronic Products*, and follows specific requirements required by the above laws and regulations regarding prevention and control of pollution from motor-driven vehicles, prevention and control of urban water pollution, protection of drinkable water sources, prevention of pollution by domestic wastes and prevention of environmental pollution by hazardous wastes, and combines with the internal environmental policies such as the *Measures for the Management of Physical Assets of Central China Securities Co., Ltd.*, and carries out strict administration on solid wastes, domestic sewage, atmospheric pollutants, and greenhouse gases, so as to reduce the emissions of pollutants in business operation and supplier selection. During the reporting period, the Group did not violate any of the above national laws and local regulations.

Emissions of pollutants¹ in 2019

Indicators	Unit	Production
Emissions of air pollutants ²		
NO _x	kg	74.79
SO _x	kg	2.25
CO	kg	1,130.41
PM _{2.5}	kg	5.86
PM ₁₀	kg	6.28
Greenhouse gas emissions (Scope 1 and Scope 2) ³		
Emission from vehicles (Scope 1)	tonnes of carbon dioxide equivalent	300.72
Emission from electricity consumption (Scope 2)	tonnes of carbon dioxide	3,156.82
Total greenhouse gas emissions	tonnes of carbon dioxide equivalent	3,457.54
Total greenhouse gas emission intensity	tonnes of carbon dioxide equivalent/person	1.22

¹ During the reporting period, we initially established a comprehensive environmental data collection system based on the scope of the report. However, due to reasons of resource limitation and other factors, the statistical scope of some environmental indicators of a few branches and subsidiaries is limited. Therefore, all environmental data in the reporting period are calculated in a conservative approach. In the future, we will continue to improve the statistics of environmental data and also the management systems.

² The emission source of air pollutants was the use of vehicles owned by the Group. The calculation of the emissions included the vehicles owned and operated by the Group. The calculation method referred to the *Technical Guide for Compiling the Inventory of Air Pollutants from Road Vehicles (Trial)*.

³ The calculation method of greenhouse gas emissions referred to *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)*; the grid emission factors used for the scope 2 calculations referred to the *Average Carbon Dioxide Emission Factor of China's Regional Power Grids in 2011 and 2012* issued by the National Development and Reform Commission of China.

The major emission sources of air pollutants and greenhouse gases emitted by the Group are electricity consumption and vehicle use. The Group continued to improve the management and maintenance of official vehicles and save electricity in order to reduce emissions of pollutants.

The major source of the Group's wastewater discharge was domestic water consumed by employees in their daily office work. The Group has implemented water conservation and other management measures to reduce wastewater discharge, and all the generated wastewater was discharged to qualified wastewater treatment plants for treatment.

The solid wastes generated by the Group were mainly office wastes. In order to reduce the impact of solid wastes to the environment, the Group has taken various measures to reduce the generation of hazardous and non-hazardous solid wastes from the source, including unified reuse of desks and chairs, saving printing paper, contacting qualified enterprises to recycle electronic wastes that reached the end of their service life. Due to the attributes of financial industry, the Group did not involve the use of packaging materials during its operation, therefore no wasted packaging material was generated.

Indicators	Unit	Production
Non-hazardous waste generation		
Amount of office's domestic wastes generated	kg	22,181.41
Amount of office's domestic wastes recycled	kg	3,626.89
Office's domestic waste generation intensity	kg/person	7.82
Hazardous waste generation		
Amount of wasted fluorescent tubes generated	Units	411
Generation intensity of wasted fluorescent tubes	Units/per person	0.14
Amount of wasted fluorescent tubes recovered	Units	65
Amount of used batteries generated	Units	987
Generation intensity of used batteries	Units/per person	0.35
Amount of used batteries recovered	Units	288
Amount of wasted toner cartridges and ink cartridges generated	Units	647
Generation intensity of wasted toner cartridges and ink cartridges	Units/per person	0.23
Amount of wasted toner cartridges and ink cartridges recovered	Units	180

We will continue to record the performance indicators related to emissions of various pollutants in the future, in order to review the Group's performance and achievements in emission abatement.

Save Energy and Reduce Consumption to Achieve Low-Carbon Operation

The Group complies with the provisions of the *Energy Conservation Law of the People's Republic of China* and implements a number of management measures to save energy and reduce consumption, such as the formulation of the *Measures for the Management of Physical Assets of Central China Securities Co., Ltd.*



In order to reduce the amount of paper usage, the Group implemented an online office system to manage administrative tasks such as item purchases, requests, applications, and use of official seals. The Group encouraged employees to use double-sided printing and also to use electronic greeting cards during the holiday. The Group also utilized the company website, WeChat official account and other online channels to promote market-related business rules and regulations and other information concerning investors.



In order to reduce water consumption, the Group posted up water saving notices in the restroom for publicity and has also installed infrared-sensing faucets and promptly repaired water devices with dripping and leakage issues. The water source of the Group was from the city's municipal water supply network, and no issue of obtaining suitable water sources.



In order to reduce energy consumption, the Group reasonably arranged official vehicles, saved electricity for lighting, appropriately raised the temperature controlled by air conditioners in summer, and ensured to turn off the power of electrical appliances when not in use. Through a series of management measures, the goals of reducing the consumption of energy and resources and improving energy efficiency year by year were achieved. In addition, the Group encouraged employees to travel by public transportation to reduce carbon footprint of travel activities.

The Group's consumption of major energy and resources in 2019⁴

Indicators	Unit	Consumption
Total consumption of electricity	kWh	5,721,411.26
Intensity of electricity consumption	kWh/person	2,018.13
Total consumption of gasoline by vehicles	liters	144,836.10
Intensity of gasoline consumption by vehicles	liters/person	51.09
Total consumption of diesel	liters	5,130.98
Intensity of diesel consumption	liters/person	1.81
Total consumption of natural gas	cubic meters	678.00
Intensity of natural gas consumption	cubic meters/person	0.24
Total consumption of water	tonnes	35,630.71
Intensity of water consumption	tonnes/person	12.57

We will continue to record the performance indicators related to various resources and energy such as water and electricity in the future, in order to review the Group's performance and achievements in resources and energy conservation.

⁴During the reporting period, we initially established a comprehensive environmental data collection system based on the scope of the report. However, due to resource limitation and other factors, the statistical scope of some environmental indicators of a few branches and subsidiaries was limited. Therefore, all environmental data in the reporting period are calculated in a conservative approach. In the future, we will continue to improve the statistics of environmental data and also the management systems.



Innovate Environmental Protection to Serve Green Finance

As a responsible service enterprise in financial industry, the Group has always pursued the concept of green development and actively implemented environmental protection policies. In addition, the projects of the Group's investment banking were implemented under the strict requirements of relevant laws and regulations and regulatory documents, such as the *Securities Law of the People's Republic of China*, *Work Rules for Sponsor Due Diligence*. The Group paid full attention to and conducted verification on whether the issuers were subject to administrative punishment due to violation of environmental protection laws and administrative regulations. The Group strictly controlled the access threshold concerning environmental protection for investment banking projects, in order to urge all sectors of the society not to sacrifice the environment for the pursuit of profits, so as to protect the lucid waters and lush mountains together.

The Group actively supported environmental protection enterprises and projects related to environmental protection industry. During the reporting period, the Group promoted the green development of the real economy through its advantages in financial business, and achieved good returns in the economic, social and environmental aspects, which made positive contributions to the national economy and people's livelihood.

05

Cooperate Sincerely to Promote Economic Prosperity

- Work Jointly with Authorities and Strengthen Strategic Cooperation
- Unite the Upstream to Seek Win-win Cooperation
- Optimize Service and Insist on Customer First
- Conduct Training and Popularize Finance Education



中原证券股份有限公司
CENTRAL CHINA SECURITIES HOLDINGS CO., LTD.

A+H 上市公司 股票代码: 000676



Work Jointly with Authorities and Strengthen Strategic Cooperation

During the reporting period, the Group continued to strengthen communication and strategic cooperation with the substantial industries and government departments. While realizing the development of the Group, we actively served the real economy and regional development and were committed to creating far-reaching social values.

Case » Sign contracts with key enterprises to help industry upgrade

On May 16, 2019, China Pingmei Shenma Energy & Chemical Group Co., Ltd. signed a strategic cooperation agreement with Central China Securities and related accounting firms, law firms, rating agencies and other intermediaries and the IPO launching ceremony of its two subcompanies: Silane Technology and Catalytic Technology were successfully held in Pingdingshan City. On June 5, 2019, the strategic cooperation signing ceremony between Anyang Iron & Steel Group and Central China Securities was successfully held in Anyang City. According to the agreements, the Group and the signed parties will further promote comprehensive cooperation and particularly give full play to Central China Securities's resource advantages and professional advantages in the capital market. Through equity, bonds, asset securitization and other financing methods and the establishment of industrial funds that are aimed to explore and cultivate technological innovation enterprises, the Group supported the integration and upgrading of industries, promoted the deep integration of finance and industry and achieved win-win development.

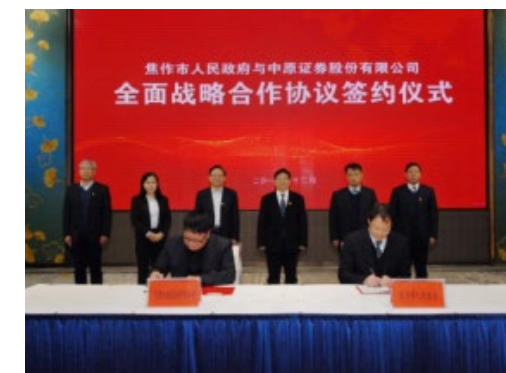
Case » Strengthen government-enterprise cooperation to support local economy

On November 15, 2019, the strategic cooperation agreement between Central China Securities and the People's Government of Anyang City was successfully held in Anyang City. According to the agreement, the two parties will integrate resources, select a group of companies with strong innovation capabilities, rapid growth rate and promising development prospects to establish a database of reserve enterprises for listing. The Company provided advice and assistance for the issuance of government-specific bonds by Anyang City and the issuance of enterprise bonds, corporate bonds, urban investment bonds and other debt financing instruments by companies affiliated to the investment and financing platform, and further supported Anyang's economic development.



Signing ceremony of cooperation agreement
with the People's Government of Anyang City

On December 25, 2019, the signing ceremony of the comprehensive strategic cooperation between the People's Government of Jiaozuo City and Central China Securities was held at the Jiaozuo City Guest House. Central China Securities took the opportunity of this contract to give full play to its accumulated resources and industry experience in the capital market. In the areas of enterprise listing, government investment and financing platform development, bond financing and equity investment, futures trading, etc., it has carried out more in-depth cooperation with the People's Government of Jiaozuo City at different levels to serve the rapid development of the local real economy in Jiaozuo. For the relevant projects, we will create benchmarks and models of cooperation to promote win-win cooperation and jointly create a better future.



Signing ceremony of cooperation agreement
with the People's Government of Jiaozuo City

Unite the Upstream to Seek Win-win Cooperation

The Group strictly abides by the *Measures for the Administration of Government Procurement by No-Bid Procurement Methods* and other relevant laws and regulations, and has formulated internal policies such as the *Administrative Measures for Physical Assets of Central China Securities Co., Ltd.* and the *Tendering and Procurement System of Central China Securities Co., Ltd.* to actively manage the environmental and social risks of its supply chain.

For the engineering infrastructure and other major projects, the Group must select suppliers through corporate bidding. In the bidding process, the Group stipulated that bidders must prepare relevant files required in bidding documents. The Group reviewed the qualifications of suppliers by checking their business license, after-sales service and other information, in order to control any environmental and social risks that might arise in the supply chain. At the same time, the Group increased the transparency of bidding process by publishing documents such as procurement information and cooperation agreements, thereby creating an efficient and fair competitive environment. The Group encouraged suppliers to use and provide more environment-friendly or recyclable products whenever possible.

In order to standardize the procurement behavior for ensuring the quality of procurement and improve economic efficiency, the Group recruited suppliers by bidding for procurement projects above a certain cost. The bidding activities were carried out by the principles of fairness, justice, honesty, and credit. The suppliers that met the project evaluation criteria the most would be selected through the bidding processes such as tendering, bid opening, bid examination and bid awarding. A contract was then signed to establish a cooperative relationship between the Group and the supplier.



Optimize Service and Insist on Customer First

The Group believes that customers are our primary resource to operate and develop. The Group strictly abides by the relevant laws and regulations such as the *Securities Law of the People's Republic of China*, the *Measures for the Suitability Management of Securities and Futures Investors* and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, among which relevant articles stipulate that consumers shall have the right to obtain true information on the commodities purchased or used or the services received and the right to fair trading, etc. The Group has accordingly formulated the internal management measures such as the *Regulations of Classified and Graded Management of Customers in Central China Securities Co., Ltd. (Revised in 2019)* and the *Measures of Customer Suitability Management of Central China Securities Co., Ltd. (Revised in 2019)*, which are based on the principle of putting the customer first, aiming at standardizing service and improving customer satisfaction to protect the rights of customers.

Service Optimization

The Group actively carried out the following measures to improve the quality of customer service.

01

The first was to continuously improve business processes and regulations related to retail customer service, to take the lead in promoting the construction or functions upgrading of technical systems, to organize and implement marketing service activities with special-topics, and to provide support for enhancing the professional service capabilities of front-line service teams.

During the reporting period, the Group's Retail Business Department further sorted out and optimized the management processes on marketing, service, team building, investors education, suitability, complaints and return visits, and revised a total of 25 management methods at different levels.

In order to further strengthen the service closed loop, enhance the service experience, and promote standardized service management, the departments in the Group's headquarters focused on the front-end experience optimization, mid-platform operation improvement and back-end statistical analysis strengthening, initiated and participated in more than 10 IT projects, including customers classification and match, internet investment consulting services. As of the end of the reporting period, most of the above IT projects have been officially launched.

02

The second was to improve the professional skills of the marketing service team of the branches and the securities branch, to enhance the training pertinence and the follow-up supervision after training, to expand the organization and strengthen the supervision of the registered investment advisor qualification exam, and to optimize the professional technical grade evaluation of investment advisors.

03

The third was to focus on customers suitability management and service quality, as well as to strengthen centralized and standardized service management and service support for the branches. During the reporting period, the Group's Retail Business Department focused on customers suitability management and marketing services accuracy, and to further enhance the Group's centralized and standardized service from aspects of improving technical system functions, enhancing the targeting and experience of service promotion and delivery, optimizing customer service return visit management, etc. The department also provided all-out support for the branches' first-line practice and responses to customer complaints from the aspects of optimizing business management processes and management platforms, increasing on-site presentations and on-line interactive communication of the branches, etc. During the reporting period, the Group's departments took the lead in completing the on-line work of multiple systems such as customer comprehensive risk tolerance assessment and intelligent return visits, organized and implemented 4 rounds of customer satisfaction surveys, and the Company's customer service center handled more than 65,000 online business and the return visits throughout the year exceeded 680,000 customers. During the reporting period, the number of new subscribers of the Group's official WeChat was 9,146, and the number of new followers of the Group's official WeChat was 35,312.

04

The fourth was to regularly organize customer satisfaction surveys to understand the demands of customer and improve the direction of service. During the reporting period, the Group organized 2 rounds of online customer service satisfaction surveys through the Company's official WeChat channel. The Group mainly analyzed customer satisfaction from the three dimensions of customer level, service relationship, and transaction customer and compared the significance and the impact of influence of each dimension, so that the Group could understand the differences in segmented customer's perception and satisfaction of the Group's services, thereby better improving the customer refined service coverage and supporting the development of the Group's business and services. In May 2019, the Group organized the first phase of satisfaction surveys of four major services, including customer manager services, information product services, investor education, and firm contests. The results showed that customers with service relationships have a better understanding and recognition of the Group's business, products, and activities. The results reflected the necessity of one-on-one offline service of customer managers. In December 2019, the Group organized the second phase of special satisfaction survey of fund products sales and the survey results provided a basis for the Group to select and create products.

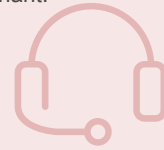
In addition, the Group attached great importance to the maintenance and protection of intellectual property rights. We have formulated strict safeguards for intellectual property. For example, the Group resolutely put an end to the use of pirated software and ensured that the software systems used in the Group's offices were procured through legal and compliant processes. During the reporting period, the Group did not violate any laws and regulations related to intellectual property rights.

Complaint Management

Due to the nature of the industry, the products and services provided by the Group do not involve customer health and safety matters. The Group has established and continuously improved the complaint handling mechanism, formulated customer complaint management methods, and clarified the complaint handling process:

01 After accepting the complaint, the customer service center of the headquarters of the Group fills out the *Customer Complaint Handling Record Form* and the dedicated employee will transfer it to the complaint management specialist of the complaining unit within 1 working day. Verification and feedback to the customer should be timely organized within 2 working days to obtain the customer's recognition; the dedicated employee will transfer the customer complaint that has been processed to the customer service center for a return visit to confirm whether the customer approves or is satisfied with the complaint processing result.

02 After accepting the complaint, the branch of the Group should report to the person in charge of the branch as soon as possible, and organize verification, investigation, drafting and implementation of the complaint resolution plan for the complaint within 2 working days, and give back the results to the complainant.



During the reporting period, the Group received a total of 48 complaint cases through the headquarters customer service center, the headquarters on-site acceptance, the China Securities Regulatory Commission's "12386" hotline and the Henan Securities Regulatory Bureau. The complaints were mainly related to business handling, services and practices, commission fees, transaction rules, financing and securities lending, asset management business and information systems.

Conduct Training and Popularize Finance Education

During the reporting period, the Group combined the requirements of the regulatory authorities with the actual situation of the Group, aimed at the branding, systematization and productization of popularization of financial knowledge and finance education and took guidance of the promotion of securities policies and regulations, the popularization of securities knowledge, the transmission of rational investment ideas, the disclosure of investment risks and the rights protection according to law, etc., actively organized and carried out various popularization of financial knowledge and finance education work. A total of RMB 1.1387 million was invested throughout the year. During the reporting period, we organized diverse popularization of financial knowledge and finance education and training activities.

Case » Special lecture on "Step into STAR Market, You and I Walk Together"

On March 15, 2019, the Group organized a 3.15 "Step into STAR Market, You and I Walk Together" themed publicity month activity which focused on the popularization of STAR Market knowledge. The activity was joined by more than 130 young students of Henan University of Economics and Law. At the same time, we organized the branches to carry out 98 seminars with a total of 2,108 participations.

Case » Children's Finance Education Activities

On June 1, 2019, the Group organized training activities for children's finance education for more than 30 children. The activities focused on the education of children's finance knowledge education.



Children's finance knowledge education activities

Case » Investment academy activities

During the reporting period, the securities business offices and subsidiaries companies organized 2,567 investment academy activities with the main contents on topics such as securities knowledge popularization, investment skill explanation, risk prevention, rational investment, etc., with a total of 38,505 participations from investors.



Special lecture on STAR Market of Nanyang
Wuyi road business office



Special lecture on STAR Market of Shangqiu
branch company

Organized **98** "Step into STAR Market, You and I Walk Together" special lectures

with a total of **2,108** participations



Special Lecture on "Step into STAR Market, You and I Walk Together"

06

Share Value to Build a Harmonious Society

The Group followed the important speeches made by General Secretary Xi Jinping during the second session of the 13th National People's Congress of the People's Republic of China and the second session of the 13th Chinese People's Political Consultative Conference, taking the help on poor people in rural areas to get rid of poverty in all respects and the poverty-stricken counties to remove poverty, and regional overall poverty elimination as the direction of fulfilling responsibility. The Group gave full play to its business advantages in order to drive the poverty-stricken villages to achieve a comprehensive revitalization.

- Implement Targeted Poverty Alleviation in All Respects
- Continue to Strengthen Inclusive Finance
- Actively Realize Shareholder Returns



During the reporting period, the Group has continued to implement the national targeted poverty alleviation work and realized remarkable achievements. These include poverty-alleviation by supporting industry, poverty-alleviation by enhancing intelligence, poverty-alleviation by stimulating consumption, poverty-alleviation by improving the public welfare, poverty-alleviation by creating employment opportunities and poverty alleviation by assigning responsible leaders on the basis of signing assistance agreements with four poverty-stricken counties in Henan Province, namely Lankao County, Gushi County, Tongbai County, and Shangcai County. In the meantime, the Group took advantages of our business characteristics, vigorously developed inclusive finance, and insisted on driving local construction and the real economy with our own development to help the country in resolutely winning an all-round victory in the fight against poverty.

Implement Targeted Poverty Alleviation in All Respects

In November 2019, when conducting field investigations and surveys in poverty-stricken areas, General Secretary Xi Jinping pointed out that, targeted poverty alleviation required the meticulous management of poverty alleviation targets, precise allocation of poverty alleviation resources and precise support for poverty alleviation targets. Likewise, poverty alleviation should aim to enable “supporting targets are precisely set up, projects are accurately arranged, funds are accurately used, measures are accurately taken to households, people are accurately assigned to villages, and poverty alleviation has accurate results”.

As of the end of the reporting period, the Group has always followed the important instructions of General Secretary Xi Jinping and has made full use of the resources and advantages in the professional field, focusing on the strategic deployment of “targeted poverty alleviation” put forward by the Central Committee of the Communist Party of China. By using the methods of identification, accurate assistance and accurate management, the economic level of the supporting targets has been effectively improved, thereby helping the establishment of a moderately prosperous society in all respects as scheduled.

Go Deep into the Poverty-stricken Villages and Counties to Support Party Building, and Industrial and Agricultural Development

According to the varying environment in different poverty-stricken areas and the conditions of different poor households, the Group has developed in-depth understanding of development needs and established a comprehensive, effective and targeted poverty alleviation management mechanism. Taking Luochen Village of Guangshan County, Henan Province as the target of assistance, the Party Committee of the Group allocated RMB 250,000 of Party membership fees to support the second phase of the construction project of the Party Branch office in Luochen Village, in order to improve the old and aging situation of the Party Branch infrastructure in Luochen Village. A new Party Branch conference room, a new Party Branch Publicity and Education Center, a new outdoor publicity exhibition board, and a new reading room have been built.

With regards to agriculture, the Group continued to promote "Indica Rice to Japonica Rice" project to a total of 200-mu land and invested around RMB 30,000. The Group has successively connected with many small and micro businesses. During the reporting period, a plate factory has been put into operation, bringing income from work and sales of raw materials to neighboring villagers. As of the end of the reporting period, Luochen Village successfully satisfied the standard of successful poverty alleviation.

Carry Out Public Welfare to Reduce Poverty and Actively Help the People in Need

The Group has been actively engaging in public welfare and poverty alleviation in areas such as public welfare, charity, and social responsibility through donations to schools for a long time and has contributed to poverty alleviation. During the reporting period, the Group donated RMB 3 million to the Henan Charity General Federation for helping the vulnerable groups. The Group also donated RMB 2.5 million to the Henan Province Foundation for Poverty Alleviation to help the poor in poverty-stricken areas. The Group donated RMB 500,000 to the Henan Provincial Samaritan Foundation to award, encourage and comfort people and their families who performed outstanding acts of bravery. As of the end of the reporting period, the Group's accumulated charitable donations totaled RMB 6 million.

Case » Took the leading role to set up the Henan Province Foundation for Poverty Alleviation

The cumulative fund-raising scale of Henan Province Foundation for Poverty Alleviation has reached RMB **640** million

In October 2016, the Group responded to the Henan Provincial Office of Poverty Alleviation and Development's invitation and took the leading role to set up a large-scale poverty alleviation fund “Henan Province Foundation for Poverty Alleviation”. The Foundation has functioned well since its establishment. As of the end of the reporting period, the cumulative fund-raising scale of the foundation has reached RMB 640 million. The Foundation has mobilized nearly 100 enterprises and organizations and more than 60,000 people participated in donations, directly assisted 1,800 poor households to get rid of poverty, guided private enterprises to create employment opportunities for more than 10,000 poor households, and made more than 30,000 poor people benefited from social poverty alleviation projects, focusing on employment opportunities, education, medical treatment, and industry.

Promote Poverty-alleviation by Funding Education and Care for Children in Poor Areas

On May 30, 2019, representatives of Central China Futures arrived at Qianyang Village, Shaodian Township, Shangcai County to carry out the caring “Children's Day” donation activity. During the activity, Central China Futures donated RMB 40,000 of special poverty alleviation funds and schoolbags, stationeries and other school supplies worth nearly RMB 8,000 to Qianyang Elementary School. On the eve of “Children's Day”, the Group sent festival greetings and warmth to children in poverty-stricken areas.



Caring “Children's Day” donation activity in Qianyang Elementary School organized by Central China Futures

Rely on Poverty-alleviation by Supporting Industry and Stimulating Consumption to Promote Local Economic Development

● Promote industrial development by stimulating consumption

- The Group spent more than RMB **350,000** to purchase local agricultural products in poverty-stricken areas

During the reporting period, the Group actively participated in poverty alleviation work, meanwhile took its own business advantages to support the development of poverty-stricken areas. The Group has made significant contributions to economic development in poverty-stricken areas through various methods such as poverty-alleviation by supporting industry, poverty-alleviation by stimulating consumption, etc.

Case » Purchase agricultural products produced by poverty-stricken areas

During the reporting period, the Group performed an industry facilitation in the conduct of poverty alleviation by consumption. In Zhangzhuang Village of Lankao County, Luo Chen Village of Guangshan County, Tongbai County, Shangcai County and other poverty-stricken areas, the Group spent more than RMB 350,000 to purchase local agricultural products including duck eggs, tofu milk, sesame balls, bean gluten, so as to promote the sales of local agricultural products and also open the market of local agricultural products.



Bean gluten produced by poverty-stricken areas



Peanuts produced by poverty-stricken areas

● Promote regional economy by developing industries

- After the PC project was put into production, the annual profit and tax revenue could reach RMB **900** million

which could directly provide job opportunities for more than **600** people

Case » Support the chemical engineering industry

In 2019, the Group's subsidiary company - ZDKY Venture Capital continued to increase its investment in Puyang Shengtong Juyuan New Materials Co., Ltd. The company's polycarbonate (PC) project was a key industrial poverty-alleviation project of Fan County, Puyang City, which was a national poverty-stricken county. After the PC project was put into production, the annual profit and tax revenue could reach RMB 900 million, which could directly provide job opportunities for more than 600 people and indirectly drive more than 2,000 people out of poverty. In the next step, ZDKY Venture Capital would coordinate with the investment banking department and strive to promote Shengtong Juyuan New Materials Co., Ltd. to enter the capital market, and expand financing channels so as to achieve rapid growth.

Case » Support the agriculture and forestry industry

Central China Blue Ocean cooperated with seedling companies to establish Fengtuo Agriculture and Forestry Technology Company in Xiaowangying Village, Shangcai County, whose registered capital reached RMB 11 million. An industrial chain mechanism for poverty alleviation of "leading enterprises to drive, cooperatives to organize, farmers to participate, bases to bear" was formed. In the first year, the seedling companies provided from 2 to 3 million seedlings of patented new variety "Snow Red" for free and instructed farmers in the cooperative to practice cutting propagation techniques. When the farmers produced qualified seedling products, the company then repurchased the seedling products. It was guaranteed that in the year of planting a profit of RMB 160,000 to RMB 320,000 would be generated.



Central China Securities hosted the opening ceremony of Fengtuo Agriculture and Forestry Technology Company

Case » Aid the clothing industry

The Group has successively donated RMB 900,000 to build a poverty-alleviation workshop in Xiaowangying Village with an area of 850 square meters. The poverty-alleviation workshop as a platform for industrial development has enhanced the "hematopoietic" function of Xiaowangying Village and helped with combating poverty as well as the village's prosperity. As of the end of the reporting period, the workshop had been equipped with two industry-leading smart garment hanging production lines. It was expected to produce 600,000 pairs of casual pants and pay rents of nearly RMB 90,000 for the village collective every year, 80% of which was used to increase the dividend income of the poor households in the village. In addition, the workshop can provide work opportunities for more than 100 people in the neighborhood, providing an average annual income of RMB 20,000 per person.

Continue to Strengthen Inclusive Finance

The total investment in equity and bond financing projects exceeded RMB **3.4** billion

During the reporting period, the Group launched inclusive finance projects through financing like equity and bond, financial consulting, actively promoting local infrastructure construction, providing financing consulting services and small loans for the development of the real economy. Among them, the total investment in equity and bond financing projects exceeded RMB 3.4 billion, including assisting the Lankao County Urban Construction Investment Development Co., Ltd. to issue a two-stage poverty alleviation bond of RMB 1.61 billion. Equity Exchange Co. and Central China Blue Ocean invested a total amount of about RMB 1.5 billion of equity and bonds in 20 enterprises located in poverty-stricken areas. ZDKY Venture Capital's investment in Puyang Shengtong Juyuan New Materials Co., Ltd. was about RMB 300 million.

Case » Inclusive Finance Projects in Lankao County

Lankao County is the first reform pilot zone of inclusive finance in China and a national poverty-stricken county targeted by the Group. During the reporting period, the Group took Lankao County Urban Construction Investment Development Co., Ltd. as a main recipient of financial support. The Group issued a special poverty-alleviation bond of RMB 1 billion for Lankao County Urban Construction Investment Development Co., Ltd., of which the Group has subscribed for a quota of RMB 50 million. The second phase of the non-public issuance of poverty-alleviation special corporate bonds focused on affordable housing for Lankao County Urban Construction Investment Development Co., Ltd. was also successfully carried out during the reporting period. The total issuance amount was RMB 610 million and the Group acted as the lead underwriter. The total amount of bonds issued in the two phases reached RMB 1.61 billion, which accelerated the industrial development of Lankao County in the form of financial poverty alleviation. During the reporting period, the First Division of Investment Banking Department of the Group signed an IPO strategic cooperation framework agreement with Henan Boyuan Electrical Equipment Co., Ltd.



发行代码	债券简称	主体评级	债券期限	发行金额	票面利率
162752	S19兰考3	AA	2+2+1年	5.5亿	7.00%
162751	S19兰考2	AA	2+2年	0.6亿	6.10%

发行人: **兰考城投**

主承销商: **中原证券** **海通证券**

二〇一九年十二月

The successful issuance of poverty-alleviation special corporate bonds for Lankao County Urban Construction Investment Development Co., Ltd.

Issuing Public Offering Bonds

Focusing on the development of private enterprises, the Group actively explored methods such as credit promotion tools and bail-out development funds to help private enterprises solve the problem of "difficult financing and expensive financing" so as to promote the standardized development of private enterprises. During the reporting period, the Group assisted the private enterprise Tellhow Sci-tech Co., Ltd. in obtaining the approval document for issuing public offering bonds, which helped the company solve its financing problems.

Henan Rongjin High Temperature Materials Co., Ltd. was in Xuetun Village, Weihui City, Henan Province, which is a major local enterprise and taxpayer. The Group actively promoted Henan Rongjin High Temperature Materials Co., Ltd. to raise funds through bond issuance, with the main underwriting amount reaching RMB 30 million.

Providing Professional Consulting

During the reporting period, in order to deepen the knowledge and understanding of the function of capital markets to promote economic and social development of Lankao County, Gushi County, Tongbai County, Shangcai County and other poverty alleviation counties, the Group organized personnel from financial institutions, government and enterprises in above counties to attend special training on capital market development trends held by strategic development researchers from the Group's Securities Research Institute and experts from the Group's investment banking business. In addition, the Group has also organized listed reserve enterprises in the above regions to participate in special training seminars on government investment and financing, capital market knowledge, and capital market participation and connection and provided "one-to-one" professional consulting advice for enterprise development.



Strengthening Regional Capacity Building



Approved by the Henan Supervision Bureau of CSRC, Central China Securities's Business Office at Caidu Avenue of Shangcai County began its official operation on June 17, 2019. The business office filled the shortcomings of financial institutions in Shangcai County. The business office made full use of the advantages in securities finance services and provided more support in government bond issuance, equity investment, public listing, industrial development, urban and rural construction, etc.

Granting Small Loans



Central China Micro-lending has continuously improved its ability to serve small and micro enterprises. During the reporting period, the total loans issued by Central China Micro-lending reached RMB 695 million, covering 13 small and medium enterprises such as Shangqiu Junlin Industrial Co., Ltd., Canbest Opto-Electrical Science & Technology Co., Ltd., and Suixian Fenghe Vegetable & Food Co., Ltd. In addition, the Group responded to the requirements of the Country and the Provincial Government of Henan Province and assisted the banking and insurance sectors of Shangcai County in tackling poverty by promoting microfinance in accordance with the principles of "government-bank linkage, risk distribution, multi-party participation, and win-win cooperation", which created a good atmosphere in Shangcai County to help poverty alleviation through microfinance lending.

Providing Financial Advisory Services

During the reporting period, the Group acted as the co-lead underwriter or financial advisor for private enterprises such as Henan Lantian Gas Co., Ltd., Chun Quan Landscape Co., Ltd., Guangshan White Shark Card Clothing Co., Ltd. and Henan Huangguo Grains Industry Co., Ltd. and set up special poverty alleviation projects to escort the development of small and medium enterprises.



Promoting the listing of Small and Medium Enterprises on the Regional Equity Market



The Group has formulated practical planning and deployment for the targeted poverty alleviation strategy, gave full play to the role of Equity Exchange Co. and accurately matched the listing and financing needs of small and medium enterprises.

During the reporting period, Equity Exchange Co. implemented the policy of "immediate reviewing after reporting, immediate listing after verification, and listing on dedicated board" for the listing of enterprises in poverty-stricken areas. As of the end of the reporting period, 1,657 companies from 52 poverty-stricken counties in Henan Province were listed in Equity Exchange Co. and formed region-characteristic boards such as Lankao musical instrument manufacturing, fungus cultivation, etc. In addition, Equity Exchange Co. has supported many enterprises in Lankao County, such as Wunong Hao Food and Chengyuan Musical Instruments, to achieve listing on the Regional Equity Market and helped Wanheng Food raise about RMB 50 million. This move effectively promoted the connection between Lankao County enterprises and the capital market to achieve rapid development.



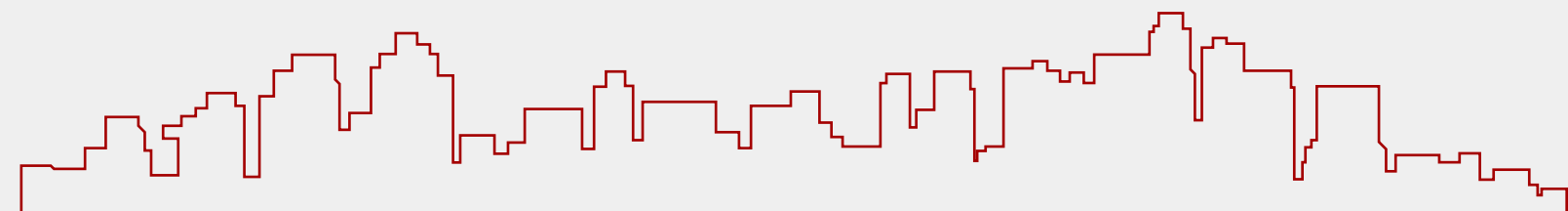
Actively Realize Shareholder Returns

The Group upheld a high percentage of cash dividend policy and rewarded investors' support with practical actions.

From the Company's listing on the SEHK in 2014 to the end of the reporting period, the Group has paid cash dividends for nine times, with the total amount reaching HKD 4 billion. The Group has walked into forefront among companies listed in Hong Kong and Mainland China with regards to investor returns.

The Group has paid cash dividends for **9** times

with the total amount reaching HKD **4** billion



Stay True to the Mission to Create a Better Future

During the reporting period, the Group remained true to our original aspiration and kept the mission firmly in mind. We have correctly grasped the essence of finance, strengthened the financial supply-side structural reform, accurately and effectively dealt with risk in key areas and actively created shared value for all sectors of society.

Look back at the past, we built on the past achievements and strived for new progress by deepening reforms. We continued to play the role of investment banks, actively supported the listing and refinancing of enterprises. We continued to optimize the segment of investment to help companies enhance their strength. We actively utilized the role of the Equity Exchange Co. to serve small and medium-sized enterprises. We developed the Hong Kong subsidiary company, opening up international strategic channels.

Looking into the future, We will always follow the guidance of Xi Jinping thought on socialism with Chinese characteristics for a new era, deepen our understanding of the international and domestic financial situation, correctly grasp the nature of finance, continue to advance the financial supply-side structural reform, balance the relationship between stable growth and risk prevention, actively prevent and efficiently deal with risks in key areas and enhance the ability of the financial industry to serve the real economy. We will continue to be customer-oriented, and strive to provide services of high quality to customers; we will strictly abide by the bottom line of compliance and create maximum value for shareholders with good performance; we will take our professional advantages to contribute to the development of regional economy; we will be committed to the concept of “people-oriented” and vigorously promote the stable development of the Group’s business and achieve the Group’s strategic goal of the “Second Take-off”; we will implement the goal of serving the real economy and strengthen the sense of responsibility as of corporate citizens in order to realize the dream of building a powerful country by governing the business and benefiting the people.

Appendix: Report Content Index

A. Environmental			
General Disclosures and KPIs		Description	Relevant Chapter(s)
Aspect A1: Emissions			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	
General Disclosure	A1.1	The types of emissions and respective emissions data	Reduce Emissions to Build Lucid Waters and Lush Mountains
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	
	A1.3	Total hazardous waste produced and, where appropriate, intensity	
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	
	A1.5	Description of measures to mitigate emissions and results achieved	
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	
Aspect A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources, including energy, water and other raw materials	
Key Performance Indicator	A2.1	Direct and/or indirect energy consumption by type in total and intensity	Save Energy and Reduce Consumption to Achieve Low-Carbon Operation
	A2.2	Water consumption in total and intensity	
	A2.3	Description of energy use efficiency initiatives and results achieved	
	A2.4	Description of whether there are any issues in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Due to the nature of the business, no consumption of packaging materials is involved.

B. Social			
General Disclosures and KPIs		Description	Relevant Chapter(s)
Aspect B1: Employment			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	People-oriented and Implement Responsible Employment
Recommended Disclosures	B1.1	Total workforce by gender, employment type, age, group and geographical region	
	B1.2	Employee turnover rate by gender, age group and geographical region	
Aspect B2: Health and Safety			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Strengthen Safety and Ensure Occupational Health
Recommended Disclosures	B2.1	Number and rate of work-related fatalities	
	B2.2	Lost days due to work injury	
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	
Aspect B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Attach Importance to Training and Develop Together with Employees
Recommended Disclosures	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	-
	B3.2	The average training hours completed per employee bygender and employee category	-
Aspect B4: Labor Standards			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	People-oriented and Implement Responsible Employment
Recommended Disclosures	B4.1	Description of measures to review employment practices to avoid child and forced labor	
	B4.2	Description of steps taken to eliminate such practices when discovered	No relevant cases
Aspect B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain	Unite the Upstream to Seek Win-win Cooperation
Recommended Disclosures	B5.1	Number of suppliers by geographical region	-
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Unite the Upstream to Seek Win-win Cooperation

Aspect B6: Product Responsibility			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	Optimize Service and Insist on Customer First
Recommended Disclosures	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The Group's business does not involve related cases.
	B6.2	Number of products and service related complaints received an how they are dealt with	Optimize Service and Insist on Customer First
	B6.3	Description of practices relating to observing and protecting intellectual property rights	
	B6.4	Description of quality assurance process and recall procedures	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Information Security
Aspect B7: Anti-corruption			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption Anti-money Laundering
Recommended Disclosures	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	
Aspect B8: Community Investment			
General Disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Share Value to Build a Harmonious Society
Recommended Disclosures	B8.1	Focus areas of contribution (e.g. education, environmentalconcerns, labor needs, health, culture, sport)	
	B8.2	Resources contributed (e.g. money or time) to the focus area	

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