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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)

2021 FIRST QUARTERLY REPORT

The Board of the Company is pleased to announce the unaudited financial information of the Company and its subsidiaries for the first quarter ended 31 March 2021, prepared in accordance with China Accounting Standards for Business Enterprises. This announcement is made pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2) and 13.10B of the Listing Rules.

This announcement contains the Chinese original version and the English translation of the "Central China Securities Co., Ltd. First Quarterly Report of 2021" as published on the website of the Shanghai Stock Exchange, and is provided for your reference only. In case of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

"Board"	the board of Directors of the Company
"Company", "Central China Securities"	Central China Securities Co., Ltd. (中原证券股份有限公司)
"Director(s)"	the director(s) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Period", "Reporting Period"	1 January 2021 to 31 March 2021

"previous period", "reporting period in the previous year"	1 January 2020 to 31 March 2020
"RMB"	the lawful currency of the PRC, Renminbi, the basic unit of which is "yuan"
"PRC" or "State" or "China"	the People's Republic of China
"Supervisor(s)"	member(s) of the Supervisory Committee of the Company
"Supervisory Committee"	the supervisory committee of the Company
"%"	per cent.

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

Henan, the PRC
20 April 2021

As at the date of this announcement, the Board comprises executive Directors Mr. JIAN Mingjun and Mr. CHANG Junsheng, non-executive Directors Mr. LI Xingjia, Mr. WANG Lixin, Mr. TIAN Shengchun, Mr. ZHANG Xiaoqi and Mr. LU Benson Cheng, and independent non-executive Directors Mr. YUEN Chi Wai, Mr. NING Jincheng, Mr. YU Xugang and Ms. ZHANG Dongming.

Company Code：601375 Company Abbreviation：Central China Securities

Central China Securities Co., Ltd.

2021 FIRST QUARTERLY REPORT

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I. Important Notice

1.1 The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the information contained in this quarterly report and that there is no false representation, misleading statement contained herein or material omission from this quarterly report, for which they will assume joint and several liabilities.

1.2 All Directors of the Company attended the meeting of the Board to consider this quarterly report.

1.3 Mr. Jian Mingjun, the head of the Company, Mr. Chang Junsheng, the person in charge of accounting affairs, Mr. Li Zhaoxin, the Chief Accountant, and Mr. Guo Liangyong, head of the accounting department (head of financial division), warrant that the financial statements set out in this quarterly report are true, accurate and complete.

1.4 This first quarterly report of the Company is unaudited.

II. Basic Information of the Company

2.1 Key financial data

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of previous year	Change as at the end of the Reporting Period as compared to the end of the previous year (%)
Total assets	**53,829,209,428.99**	52,376,875,557.00	2.77
Net assets attributable to shareholders of the listed company	**13,487,979,481.04**	13,368,714,617.90	0.89

	From the beginning of the year to the end of the Reporting Period	From the beginning of the previous year to the end of the reporting period in the previous year	Change as compared to the corresponding period of the previous year (%)
Net cash flows from operating activities	**87,066,272.40**	1,186,948,897.66	-92.66

	From the beginning of the year to the end of the Reporting Period	From the beginning of the previous year to the end of the reporting period in the previous year	Change as compared to the corresponding period of the previous year (%)
Operating revenue	**1,076,191,096.51**	436,670,123.05	146.45
Net profit attributable to shareholders of the listed company	**120,959,031.78**	-67,124,797.59	N/A
Net profit attributable to shareholders of the listed company net of non-recurring gains or losses	**118,075,383.25**	-68,955,899.01	N/A
Weighted average return on net assets (%)	**0.90**	-0.70	Increase by 1.60 percentage points
Basic earnings per share (RMB/share)	**0.03**	-0.02	N/A
Diluted earnings per share (RMB/share)	**0.03**	-0.02	N/A

Non-recurring items and amounts

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount in the Period	Description
Gains or losses from disposal of non-current assets	-51,148.99	
Government grants recognised in profit or loss of the current period, excluding those closely related to the normal operation of the Company and granted on an ongoing basis in fixed amount or fixed quota in accordance with government policies and regulations	3,945,790.07	Mainly attributable to government grants
Other non-operating income and expenses apart from the aforesaid items	541.11	
Effect of minority interests (after tax)	-37,738.10	
Effect of income tax	-973,795.56	
Total	2,883,648.53	

2.2 Total number of shareholders and shareholdings of the top 10 shareholders and top 10 holders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: Share

Total number of shareholders	154,941 Of which: 154,900 holders of A shares; 41 registered holders of H shares

Shareholdings of the top 10 shareholders

Name of shareholders (in full name)	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen shares Status of shares	Number of shares	Type of shareholders
HKSCC Nominees Limited	1,195,140,850	25.74		Nil		Foreign legal person
Henan Investment Group Co., Ltd.* (河南投資集團有限公司)	822,983,847	17.73		Nil		State-owned legal person
Bohai Industrial Investment Fund Management Co., Ltd. — Bohai Industrial Investment Fund (Tranche 1)* (渤海產業投資基金管理有限公司 — 渤海產業投資基金一期)	413,701,451	8.91		Nil		Others
Anyang Iron & Steel Group Co., Ltd.* (安陽鋼鐵集團有限責任公司)	177,514,015	3.82		Nil		State-owned legal person
China Pingmei Shenma Energy & Chemical Group Co., Ltd.* (中國平煤神馬能源化工集團有限責任公司)	63,694,267	1.37		Nil		State-owned legal person
Anyang Economic Development Group Co., Ltd.* (安陽經濟開發集團有限公司)	48,824,693	1.05		Pledged	24,412,346	State-owned legal person
Henan Railway Investment Co., Ltd.* (河南鐵路投資有限責任公司)	47,239,915	1.02		Nil		State-owned legal person
China International Capital Corporation Limited* (中國國際金融股份有限公司)	46,289,236	1.00		Nil		State-owned legal person
Jinxiu Zhonghe (Tianjin)Investment Management Co., Ltd. — Zhonghe Jinxiu No. 650 Private Securities Investment Fund* (錦綉中和（天津）投資管理有限公司 — 中和錦綉650號私募證券投資基金)	39,692,760	0.85		Nil		Others
Zheng Yu (鄭宇)	37,454,490	0.81		Nil		Domestic natural person

* *For identification purpose only*

Shareholdings of the top 10 shareholders not subject to trading moratorium

Name of shareholders	Number of tradable shares not subject to trading moratorium	Type and number of shares: Type	Type and number of shares: Number
HKSCC Nominees Limited	1,195,140,850	Overseas-listed foreign shares	1,195,140,850
Henan Investment Group Co., Ltd.	822,983,847	RMB-denominated ordinary shares	822,983,847
Bohai Industrial Investment Fund Management Co., Ltd. — Bohai Industrial Investment Fund (Tranche 1)	413,701,451	RMB-denominated ordinary shares	413,701,451
Anyang Iron & Steel Group Co., Ltd.	177,514,015	RMB-denominated ordinary shares	177,514,015
China Pingmei Shenma Energy & Chemical Group Co., Ltd.	63,694,267	RMB-denominated ordinary shares	63,694,267
Anyang Economic Development Group Co., Ltd.	48,824,693	RMB-denominated ordinary shares	48,824,693
Henan Railway Investment Co., Ltd.	47,239,915	RMB-denominated ordinary shares	47,239,915
China International Capital Corporation Limited	46,289,236	RMB-denominated ordinary shares	46,289,236
Jinxiu Zhonghe (Tianjin) Investment Management Co., Ltd. – Zhonghe Jinxiu No. 650 Private Securities Investment Fund	39,692,760	RMB-denominated ordinary shares	39,692,760
Zheng Yu	37,454,490	RMB-denominated ordinary shares	37,454,490

Explanation on related party or concert party relationship among the above shareholders	The Company is not aware of any related party relationship among the above-mentioned shareholders or whether they are parties acting in concert as defined in the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》).

Note: As at the end of the Reporting Period, Henan Investment Group Co., Ltd. held 822,983,847 A shares of the Company, directly held 46,733,000 H shares of the Company through Dahe Paper (Hong Kong) Co., Limited, its wholly-owned subsidiary, and held 87,652,000 H shares of the Company through Southbound Trading under Shanghai-Hong Kong Stock Connect; therefore it held a total of 957,368,847 shares of the Company, accounting for 20.62% of total share capital of the Company.

2.3 Total number of holders of preference shares and shareholdings of the top 10 holders of preference shares and top 10 holders of preference shares not subject to trading moratorium as at the end of the Reporting Period

☐ Applicable ✓ Not applicable

III. Significant Events

3.1 Significant changes in major accounting items and financial indicators of the Company and the reasons thereof

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**31 March 2021**	31 December 2020	Increase/ Decrease	Reasons for the change
Derivative financial assets	**700.00**		N/A	Mainly attributable to the change of commodity option
Accounts receivable	**112,543,349.05**	169,323,523.34	-33.53%	Mainly attributable to the decrease in bond receivable payments
Short-term notes payables	**7,176,098,112.56**	4,154,657,809.90	72.72%	Mainly attributable to the remaining term of some bonds being less than one year, separating into short-term financing payables
Derivative financial liabilities	**529,806.62**	57,980.91	813.76%	Mainly attributable to the effect of stock option changes
Taxes and surcharges payable	**174,874,322.53**	131,604,084.55	32.88%	Mainly attributable to the increase in corporate income tax payable
Accounts payable	**104,552,245.70**	65,874,572.60	58.71%	Mainly attributable to the increase in settlement accounts payable
Deferred income tax liabilities	**19,810,151.85**	14,241,536.99	39.10%	Mainly attributable to the effect of the change of value of derivative financial instruments
Undistributed profit	**223,256,915.59**	102,780,913.15	117.22%	Mainly attributable to the increase in net profit in the Period

Items	**2021 first quarter**	2020 first quarter	Increase/ Decrease	Reasons for the change
Net interest income	**54,988,296.90**	3,036,688.25	1710.80%	Mainly attributable to the increase in interest income from the margin financing and securities lending business
Net fees and commission income	**433,724,478.88**	244,659,836.65	77.28%	Mainly attributable to the increase in net fees income from the investment banking business
Other income	**2,318,868.67**	6,113,395.48	-62.07%	Mainly attributable to the decrease in government grants relating to the daily operation of the Company
Gains on changes in fair value (loss stated with "-")	**-41,271,958.58**	-82,421,978.58	N/A	Mainly attributable to the effect of the changes in fair value of financial assets held for trading
Foreign exchange gains (loss stated with "-")	**-557,215.23**	-2,792,721.39	N/A	Mainly attributable to the effect of the changes in exchange rates
Other operating income	**446,506,990.34**	92,245,187.18	384.04%	Mainly attributable to the increase in sales income of commodities trade of subsidiaries
Operating and management fees	**456,485,910.53**	310,155,824.04	47.18%	Mainly attributable to the increase in income resulting in the increase in operating fees
Impairment loss of credit	**24,044,890.74**	68,131,745.69	-64.71%	Mainly attributable to the decrease in provision for impairment of the securities-backed lending business
Other impairment loss of assets	**1,944,944.79**	24,551,412.27	-92.08%	Mainly attributable to the decrease in provision for inventory depreciation
Other operating costs	**433,968,553.05**	92,799,711.82	367.64%	Mainly attributable to the increase in sales costs of commodities trade of subsidiaries
Non-operating income	**1,727,463.77**	45,788.66	3672.69%	Mainly attributable to the increase in government grants not relating to the daily operation of the Company

Items	2021 first quarter	2020 first quarter	Increase/ Decrease	Reasons for the change
Non-operating expenses	**151,150.25**	4,009,127.29	-96.23%	Mainly attributable to the decrease in donation expenditure
Income tax expenses	**29,985,411.67**	-8,491,595.58	N/A	Mainly attributable to the increase in the taxable income
Other comprehensive income, net of taxes	**-1,694,168.64**	6,313,861.61	-126.83%	Mainly attributable to the effect of foreign currency translation
Net cash flows from operating activities	**87,066,272.40**	1,186,948,897.66	-92.66%	Mainly attributable to the decrease in income from repurchase transactions
Net cash flows from investing activities	**-13,801,655.75**	101,640,138.85	-113.58%	Mainly attributable to the decrease in cash received from disposal of investments
Net cash flows from financing activities	**1,908,231,242.57**	-204,134,640.05	N/A	Mainly attributable to the increase in cash received from issuance of bonds

3.2 Update, effect and solutions of significant events

✓ Applicable ☐ Not applicable

3.2.1 Issuance of corporate bonds

On 8 March 2019, the Company was approved to publicly issue corporate bonds in multiple tranches with a nominal value of no more than RMB3 billion to professional investors according to the Reply on Approval in Relation to the Public Issuance of Corporate Bonds to Qualified Investors by Central China Securities Co., Ltd. (Zheng Jian Xu Ke [2019] No. 326) (《關於核准中原证券股份有限公司向合格投資者公開發行公司債券的批覆》(證監許可[2019]326號)) issued by China Securities Regulatory Commission. The Company completed the issuance of one tranche of the corporate bonds, "19 Central China 01", on 26 March 2019, with an issuance size of RMB2 billion. On 3 March 2021, the Company completed the issuance of one tranche of the corporate bonds, "21 Central China 01", with an issuance size of RMB1 billion, an interest rate of 4.03% and a term of 3 years. The Company submitted the announcement in relation to the listing of "21 Central China 01" in the Bond Business Management System through the underwriter for the issuance of this corporate bonds. For detailed information, please refer to the Announcement on the Listing of Corporate Bonds (Tranche 1) Publicly Issued by Central China Securities Co., Ltd. to Professional Investors in 2021（《關於中原证券股份有限公司2021年面向專業投資者公開發行公司債券（第一期）上市的公告》）published by the Company on the website of the Shanghai Stock Exchange on 9 March 2021.

3.2.2 Material litigation and arbitration

Unit: ten thousand Currency: RMB

During the Reporting Period:

Plaintiff (applicant)	Defendant (respondent)	Party bearing joint liability	Type of litigation or arbitration	Background of litigation (arbitration)	Amount involved in litigation (arbitration)	Any estimated liabilities incurred in litigation (arbitration) and the amount	Development of litigation (arbitration)	Trial outcome of litigation (arbitration)	Enforcement of the judgment on litigation (arbitration)
Central China Securities	Shihezi Ruichen Equity Investment Partnership Enterprise (Limited Partnership)* (石河子市瑞晨股權投資合夥企業(有限合夥)), Tan Songbin (譚頌斌), Zhou Juan (周娟)	Nil	Contract dispute	Note 1	18,799.98	Note 1	Note 1	Note 1	Note 1
Central China Securities	Kedi Food Group Co., Ltd.* (科迪食品集團股份有限公司)	Nil	Contract dispute	Note 2	43,165.83	Note 2	Note 2	Note 2	Note 2
Central China Blue Ocean Investment Management Company Limited* (中州藍海投資管理有限公司)	Henan Zhongyi Real Estate Co., Ltd.* (河南中益置業有限公司), Ge Hongtao (葛洪濤), Xu Xianghong (徐香紅), Xu Zengcai (徐增才), Henan Zhongyi Heavy Industry Machinery and Technology Co., Ltd.* (河南中益重工機械科技股份有限公司), Henan Zhongyi Engineering Survey Co., Ltd.* (河南中益工程勘察有限公司), Henan Zhongyi Industrial Group Co., Ltd.* (河南中益實業集團有限公司), Henan Zhongyi Property Services Co., Ltd.* (河南中益物業服務有限公司), Zhengzhou Shengzhifeng Industrial Co., Ltd.* (鄭州盛之峰實業有限公司)	Nil	Contract dispute	Note 3	10,580.88	Note 3	Note 3	Note 3	Note 3

* *For identification purpose only*

Note 1: The Company filed a lawsuit against Shihezi Ruichen Equity Investment Partnership Enterprise (Limited Partnership) (hereinafter referred to as "Ruichen Investment"), Tan Songbin and Zhou Juan, asserting the defendants' breach of contract in the securities-backed lending business. After the first-instance judgment issued by Henan Provincial High Court (hereinafter referred to as "Henan High People's Court"), the defendants, Ruichen Investment, Tan Songbin and Zhou Juan, filed an appeal. On 22 January 2020, the Company received the (2019) Supreme Court Minzhong No. 1917 civil judgment issued by the Supreme Court of the People's Republic of China (hereinafter referred to as the "Supreme People's Court"), which rules that Ruichen Investment shall pay the Company the financing principal of approximately RMB187.9998 million and liquidated damages, attorney's fees and insurance premiums, and Tan Songbin shall bear joint and several liability for the above-mentioned payment obligation. It is confirmed that the Company has a preferential right of compensation for the discount, auction, or sale proceeds of the 24,529,900 shares of Guangdong Silver Age Sci & Tech Co., Ltd.* (廣東銀禧科技股份有限公司) (hereinafter referred to as "Silver Age Sci & Tech") (Stock Code: 300221) pledged by the defendant, Ruichen Investment, to the Company within the scope of the creditor's rights determined by the aforesaid judgment. Other claims asserted by Central China Securities were rejected. Henan High People's Court accepted the case for compulsory enforcement on 30 March 2020. Zhengzhou Intermediate People's Court (hereinafter referred to as "Zhengzhou Intermediate People's Court") auctioned 24,529,900 shares of Silver Age Sci & Tech according to the corresponding procedures, and the first auction failed. Ruichen Investment raised an objection to execution during the second auction period, and Zhengzhou Intermediate People's Court dismissed the appeal with the Enforcement Ruling (2020) Yu 01 Zhi Yi No.1155. Then Ruichen Investment filed for retrial with Henan Provincial High Court. Henan Provincial High Court dismissed the applicant for retrial with the Enforcement Ruling (2020) Yu Zhi Fu No.587, and upheld the Enforcement Ruling (2020) Yu 01 Zhi Yi No.1155. Zhengzhou Intermediate People's Court auctioned 24,529,900 shares of Silver Age Sci & Tech for the second time according to the laws, with all of those shares sold out for a consideration of RMB188,884,151.85 on 2 March 2021. As of the end of the Reporting Period, the Company has received all the proceeds of RMB188,884,151.85 from the auction.

In addition, in the case of a dispute on a financial loan contract among Suzhou Branch of Shanghai Pudong Development Bank Co. Ltd.* (上海浦東發展銀行股份有限公司), Tan Songbin and Zhou Juan, the Company, as a creditor, applied to participate in the distribution of RMB158,380,000 from the auction of 24.78 million shares of Silver Age Sci & Tech held by Tan Songbin. On 23 December 2020, after deducting related expenses, the Company received RMB13,942,396.35 for the execution of the distribution. On 16 March 2021, the Company received the remaining RMB754,490.15 for the execution of the distribution.

* *For identification purpose only*

Note 2: The Company filed a lawsuit against Kedi Food Group Co., Ltd. (hereinafter referred to as "Kedi Group"), asserting the defendant's breach of the securities-backed lending contract, and after the first instance judgement issued by Zhengzhou Intermediate People's Court, both Kedi Group and the Company refused to obey the first instance judgment and instituted an appeal. On 3 August 2020, the Company received the (2020) Yu Minzhong No. 636 civil judgement stating that Kedi Group was deemed to withdraw the appeal on its own account since it failed to pay the appeal fees within the stipulated period, and the Company's withdrawal of the appeal was allowed and this ruling was final. Zhengzhou Intermediate People's Court accepted the case for compulsory enforcement on 24 August 2020. On 24 December 2020, Henan Kedi Dairy Co., Ltd.* (河南科迪乳業股份有限公司) published an alert announcement regarding the application for bankruptcy reorganization of its controlling shareholder, and Shangqiu Intermediate People's Court (hereinafter referred to as "Shangqiu Intermediate People's Court") made a (2020) Yu 14 Po Shen No.20 civil judgement, ruling that Wei Junping (魏均平)'s application for bankruptcy reorganization of Kedi Group was accepted. The Company has reported its claims as a creditor. On 21 January 2021, Zhengzhou Intermediate People's Court issued Enforcement Ruling (2020) Yu 01 Zhi Two of No. 1089, to conclude the enforcement procedure against Kedi Group, the person subject to enforcement, as the application for bankruptcy reorganization of Kedi Food Group Co., Ltd. was accepted by Shangqiu Intermediate People's Court.

Note 3: Central China Blue Ocean Investment Management Company Limited (hereinafter referred to as "Central China Blue Ocean") filed a lawsuit against Henan Zhongyi Real Estate Co., Ltd. (hereinafter referred to as "Zhongyi Real Estate"), asserting the defendant's breach of the financial entrusted wealth management contract. On 31 October 2019, the Company received the (2019) Yu 01 Minchu No. 1407 civil judgment issued by Zhengzhou Intermediate People's Court, which supported Central China Blue Ocean's claims including the payment to be made by Zhongyi Real Estate of trust loan principal with an amount of RMB99.69 million and interest, penalty interest, compound interest, liquidated damages and attorney's fees. It is confirmed that Central China Blue Ocean is the mortgagee of the in-process construction that is located in the east side of Yinping Road and the south side of Dongqing street (real estate unit number: 410102103004GB00071W00000000), together with the apportioned land-use rights; and has the preferential right of compensation for the discount, auction, or sale proceeds within the scope of its creditor's right; and eight defendants, including Henan Zhongyi Heavy Industry Machinery and Technology Co., Ltd., bear joint and several liability for the aforesaid payment obligation determined in this judgment, and have the right to claim compensation from Zhongyi Real Estate after they undertook the guarantee liability. The case was filed for enforcement in Zhengzhou Intermediate People's Court on 13 January 2020. In accordance with the corresponding procedures, Zhengzhou Intermediate People's Court conducted an auction of the properties in the names of Xu Zengcai and Xu Xianghong, the persons subject to enforcement, located at No. 2, Floor 1-4, Building 31, and No. 4, Floor 1-4, Building 30, East Park, No. 69 Hongyuan Road, Jinshui District, and the first auction failed. On 5 January 2021, Zhengzhou Intermediate People's Court conducted the second auction of the aforesaid two properties, of which the auction of the property located at No. 2, Floor 1-4, Building 31, East Park, No. 69 Hongyuan Road, Jinshui District failed again, While the property, located at No. 4, Floor 1-4, Building 30, East Park, No. 69 Hongyuan Road, Jinshui District, was sold out at the auction for a consideration of RMB5,527,354.5, and the amount is under the allocation procedure by the court.

* *For identification purpose only*

During the Reporting Period, there is no progress on the contract dispute of Shenwu Technology Group Corporation Limited* (神霧科技集團股份有限公司), the contract dispute of Neoglory Holdings Group Co., Ltd.* (新光控股集團有限公司) and the contract dispute of Great Wall Film & Culture Company Group Limited* (長城影視文化企業集團有限公司) (currently known as Zhejiang Qingfeng Yuansheng Culture Limited* (浙江清風原生文化有限公司)) with the Company. The previous events have been disclosed in the Annual Report of Central China Securities Co., Ltd. for the Year of 2020 disclosed on 30 March 2021.

3.3 Overdue commitment issues not fulfilled during the Reporting Period

☐ Applicable ✓ Not applicable

3.4 Warning and reasons for cumulative net profit expected to be a loss for the period from the beginning of the year to the end of next reporting period or any material changes of cumulative net profit as compared to the corresponding period of the previous year

☐ Applicable ✓ Not applicable

Company Name	Central China Securities Co., Ltd.
Legal Representative	JIAN Mingjun
Date	20 April 2021

* *For identification purpose only*

IV. Appendix

4.1 Financial statements

CONSOLIDATED BALANCE SHEET
31 March 2021

Prepared by: Central China Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	**31 March 2021**	31 December 2020
ASSETS:		
Cash and bank balances	**13,098,142,228.81**	10,951,131,021.90
Including: Customer funds deposits	**8,554,675,293.91**	8,193,682,554.76
Clearing settlement funds	**2,212,969,111.69**	2,379,100,088.00
Including: Customer settlement funds	**2,071,061,781.80**	2,287,871,177.95
Financing funds	**7,493,579,971.50**	7,400,757,113.38
Derivative financial assets	**700.00**	
Refundable deposits	**852,796,133.63**	744,878,747.69
Receivables	**112,543,349.05**	169,323,523.34
Financial assets held under resale agreements	**1,703,573,425.82**	2,055,964,889.83
Financial investment:		
Financial assets held for trading	**22,227,223,294.12**	22,592,572,498.77
Debt investments	**456,279,281.90**	456,168,931.89
Other debt investments	**2,120,382,707.84**	2,088,805,149.07
Long-term equity investments	**1,078,070,952.21**	1,067,276,173.44
Investment properties	**16,271,714.96**	16,474,089.01
Fixed assets	**176,999,449.07**	179,004,039.77
Construction in progress	**53,183,674.92**	52,427,024.00
Right-of-use assets	**151,006,305.97**	163,033,163.26
Intangible assets	**183,257,985.79**	188,018,189.26
Goodwill	**19,935,847.17**	19,882,791.61
Deferred income tax assets	**493,193,769.85**	464,734,648.09
Other assets	**1,379,799,524.69**	1,387,323,474.69
Total assets	**53,829,209,428.99**	52,376,875,557.00

Items	**31 March 2021**	31 December 2020
LIABILITIES:		
Short-term borrowings	**316,900,241.00**	315,977,554.88
Short-term notes repayable	**7,176,098,112.56**	4,154,657,809.90
Interbank borrowings	**3,604,344,722.22**	3,694,418,222.23
Financial liabilities held for trading	**1,173,666,385.13**	1,356,226,583.04
Derivative financial liabilities	**529,806.62**	57,980.91
Financial assets sold under repurchase agreements	**11,678,141,909.54**	12,200,308,194.73
Accounts payable to brokerage clients	**10,634,933,816.82**	10,555,230,551.25
Staff costs payable	**501,930,612.61**	561,932,538.17
Taxes and surcharges payable	**174,874,322.53**	131,604,084.55
Accounts payable	**104,552,245.70**	65,874,572.60
Contract liabilities	**30,449,203.53**	26,495,681.41
Long-term borrowings	**1,001,741.67**	1,001,741.67
Bonds payable	**3,581,569,041.15**	4,610,250,342.02
Lease liabilities	**147,338,760.32**	157,698,672.45
Deferred income tax liabilities	**19,810,151.85**	14,241,536.99
Other liabilities	**371,815,430.79**	344,423,399.69
Total liabilities	**39,517,956,504.04**	38,190,399,466.49
Owners' equity (or shareholders' equity):		
Paid up capital (or share capital)	**4,642,884,700.00**	4,642,884,700.00
Capital reserve	**6,330,622,817.68**	6,330,622,817.68
Other comprehensive income	**10,854,957.24**	12,549,125.88
Surplus reserve	**838,358,247.79**	838,358,247.79
General risk reserve	**1,442,001,842.74**	1,441,518,813.40
Undistributed profit	**223,256,915.59**	102,780,913.15
Total equity attributable to the owners (or equity attributable to shareholders) of the Company	**13,487,979,481.04**	13,368,714,617.90
Minority interests	**823,273,443.91**	817,761,472.61
Total owners' equity (or shareholders' equity)	**14,311,252,924.95**	14,186,476,090.51
Total liabilities and owners' equity (or shareholders' equity)	**53,829,209,428.99**	52,376,875,557.00

Legal representative:	*Person in charge of accounting affairs:*	*Chief accountant:*	*Head of the accounting department:*
Jian Mingjun	**Chang Junsheng**	**Li Zhaoxin**	**Guo Liangyong**

BALANCE SHEET OF THE COMPANY

31 March 2021

Prepared by: Central China Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	31 March 2021	31 December 2020
ASSETS:		
Cash and bank balances	**11,250,721,764.29**	9,353,694,098.48
Including: Customer funds deposits	**7,971,982,561.23**	7,812,001,585.50
Clearing settlement funds	**1,956,519,563.10**	2,165,049,237.07
Including: Customer settlement funds	**1,721,633,239.17**	2,005,804,519.95
Financing funds	**7,343,771,339.46**	7,248,897,079.39
Refundable deposits	**475,433,388.60**	368,868,430.71
Receivables	**53,744,924.40**	85,450,845.08
Financial assets held under resale agreements	**1,702,473,425.82**	2,055,165,080.52
Financial investment:		
Financial assets held for trading	**19,559,016,130.78**	19,933,278,797.76
Other debt investments	**2,120,382,707.84**	2,088,805,149.07
Long-term equity investments	**4,126,432,553.95**	4,126,432,553.95
Investment properties	**25,581,000.69**	25,858,938.87
Fixed assets	**161,483,800.41**	164,207,159.80
Construction in progress	**53,183,674.92**	52,427,024.00
Right-of-use assets	**123,690,194.10**	133,127,127.62
Intangible assets	**176,646,588.81**	181,335,531.53
Deferred income tax assets	**329,973,362.53**	301,081,560.09
Other assets	**529,105,755.73**	523,400,315.46
Total assets	**49,988,160,175.43**	48,807,078,929.40
LIABILITIES:		
Short-term notes repayable	**6,451,660,037.48**	3,425,939,961.92
Interbank borrowings	**3,604,344,722.22**	3,694,418,222.23
Financial liabilities held for trading	**563,607,079.46**	778,986,314.11
Derivative financial liabilities	**529,806.62**	57,980.91
Financial assets sold under repurchase agreements	**11,478,741,909.54**	12,002,208,194.73
Accounts payable to brokerage clients	**9,524,238,413.83**	9,666,752,032.28
Staff costs payable	**481,340,703.00**	517,314,154.75
Taxes and surcharges payable	**157,329,488.83**	118,777,886.11
Accounts payable	**100,345,975.20**	60,063,783.40
Contract liabilities	**11,952,868.92**	10,997,000.07
Bonds payable	**3,581,569,041.15**	4,610,250,342.02
Lease liabilities	**120,956,499.33**	129,412,235.14

Items	**31 March 2021**	31 December 2020
Deferred income tax liabilities	**4,869,591.07**	
Other liabilities	**50,238,066.39**	47,982,898.50
Total liabilities	**36,131,724,203.04**	35,063,161,006.17
Owners' equity (or shareholders' equity):		
Paid up capital (or share capital)	**4,642,884,700.00**	4,642,884,700.00
Capital reserves	**6,606,160,370.84**	6,606,160,370.84
Other comprehensive income	**-1,132,611.18**	-1,388,009.67
Surplus reserve	**838,358,247.79**	838,358,247.79
General risk reserve	**1,371,595,586.10**	1,371,112,556.76
Undistributed profit	**398,569,678.84**	286,790,057.51
Total owners' equity (or shareholders' equity)	**13,856,435,972.39**	13,743,917,923.23
Total liabilities and owners' equity (or shareholders' equity)	**49,988,160,175.43**	48,807,078,929.40

Legal representative:	*Person in charge of accounting affairs:*	*Chief accountant:*	*Head of the accounting department:*
Jian Mingjun	**Chang Junsheng**	**Li Zhaoxin**	**Guo Liangyong**

CONSOLIDATED INCOME STATEMENT
January–March 2021

Prepared by: Central China Securities Co., Ltd.

Unit: Yuan   Currency: RMB   Type of audit: Unaudited

Items		**2021 First Quarter**	2020 First Quarter
1.	**Total operating revenue**	**1,076,191,096.51**	436,670,123.05
	Net interest income	**54,988,296.90**	3,036,688.25
	Including: Interest income	**269,996,973.66**	218,177,704.46
	Interest expenses	**215,008,676.76**	215,141,016.21
	Net fee and commission income	**433,724,478.88**	244,659,836.65
	Including: Net fee income from brokerage business	**188,435,776.75**	194,314,407.72
	Net fee income from investment banking	**205,689,130.80**	10,867,875.29
	Net fee income from asset management	**8,707,691.96**	10,949,797.72
	Investment income (loss stated with "-")	**180,481,635.53**	175,829,715.46
	Including: Investment income from associates and jointly-controlled entities	**18,648,227.87**	9,091,129.12
	Other income	**2,318,868.67**	6,113,395.48
	Gains on changes in fair value (loss stated with "-")	**-41,271,958.58**	-82,421,978.58
	Foreign exchange gains (loss stated with "-")	**-557,215.23**	-2,792,721.39
	Other operating income	**446,506,990.34**	92,245,187.18
2.	**Total operating expenses**	**921,310,995.28**	500,738,017.66
	Taxes and surcharges	**4,866,696.17**	5,099,323.84
	Business and management expenses	**456,485,910.53**	310,155,824.04
	Impairment loss of credit	**24,044,890.74**	68,131,745.69
	Other asset impairment losses	**1,944,944.79**	24,551,412.27
	Other operating costs	**433,968,553.05**	92,799,711.82
3.	**Operating profit (loss stated with "-")**	**154,880,101.23**	-64,067,894.61
	Add: Non-operating income	**1,727,463.77**	45,788.66
	Less: Non-operating expenses	**151,150.25**	4,009,127.29
4.	**Total profit (gross loss stated with "-")**	**156,456,414.75**	-68,031,233.24
	Less: Income tax expenses	**29,985,411.67**	-8,491,595.58

Items	**2021 First Quarter**	2020 First Quarter
5. Net profit (net loss stated with "-")	**126,471,003.08**	-59,539,637.66
(I) Classified by continuity of operations		
1. Net profit from continuing operations (net loss stated with "-")	**126,471,003.08**	-59,539,637.66
2. Net profit from discontinued operations (net loss stated with "-")		
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the Company (net loss stated with "-")	**120,959,031.78**	-67,124,797.59
2. Gains or losses attributable to minority interests (net loss stated with "-")	**5,511,971.30**	7,585,159.93
6. Other comprehensive income, net of taxes	**-1,694,168.64**	6,313,861.61
Other comprehensive income attributable to owners of the Company, net of taxes	**-1,694,168.64**	6,313,861.61
(I) Other comprehensive income unqualified for reclassification into profit or loss		
1. Change in re-measurement of defined benefit plan		
2. Other comprehensive income unqualified for transfer into profit or loss under entity method		
3. Changes in fair value of other equity instruments investments		
4. Changes in fair value of the enterprise's credit risk		

Items	**2021 First Quarter**	2020 First Quarter
(II) Other comprehensive income to be reclassified into profit or loss	**-1,694,168.64**	6,313,861.61
1. Other comprehensive income qualified for transfer into profit or loss under entity method	**-2,656,883.44**	-2,913,224.91
2. Changes in fair value of other debt investments	**410,336.05**	3,683,263.09
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit loss allowance for other debt investments	**-154,937.56**	10,755.63
5. Hedged reserves of cash flows		
6. Foreign currency translation differences	**707,316.31**	5,533,067.80
7. Others		
Other comprehensive income attributable to minority interests, net of tax		
7. Total comprehensive income	**124,776,834.44**	-53,225,776.05
Total comprehensive income attributable to owners of the Company	**119,264,863.14**	-60,810,935.98
Total comprehensive income attributable to minority interests	**5,511,971.30**	7,585,159.93
8. Earnings per share:		
(I) Basic earnings per share (RMB/share)	**0.03**	-0.02
(II) Diluted earnings per share (RMB/share)	**0.03**	-0.02

Legal representative:	*Person in charge of accounting affairs:*	*Chief accountant:*	*Head of the accounting department:*
Jian Mingjun	**Chang Junsheng**	**Li Zhaoxin**	**Guo Liangyong**

INCOME STATEMENT OF THE COMPANY

January–March 2021

Prepared by: Central China Securities Co., Ltd.

Unit: Yuan   Currency: RMB   Type of audit: Unaudited

Items		**2021 First Quarter**	2020 First Quarter
1.	**Total operating revenue**	**574,529,385.70**	366,159,523.32
	Net interest income	**43,816,928.01**	-10,661,167.18
	Including: Interest income	**240,430,736.19**	187,255,069.36
	Interest expenses	**196,613,808.18**	197,916,236.54
	Net fee and commission income	**405,069,700.07**	222,706,001.08
	Including: Net fee income from brokerage business	**166,326,244.70**	179,112,963.14
	Net fee income from investment banking	**205,378,698.10**	9,872,075.33
	Net fee income from asset management	**6,795,165.18**	9,550,262.73
	Investment income (loss stated with "-")	**186,321,507.05**	150,086,363.60
	Other income	**2,198,654.15**	6,113,395.48
	Gains on changes in fair value (loss stated with "-")	**-66,243,294.23**	-3,273,710.49
	Foreign exchange gains (loss stated with "-")	**33,942.27**	149,342.84
	Other operating income	**3,331,948.38**	1,039,297.99
2.	**Total operating expenses**	**445,348,648.01**	344,343,738.30
	Taxes and surcharges	**4,281,287.67**	4,628,210.16
	Business and management expenses	**410,535,873.46**	274,080,100.30
	Impairment loss of credit	**30,186,082.48**	65,355,976.26
	Other operating costs	**345,404.40**	279,451.58
3.	**Operating profit (loss stated with "-")**	**129,180,737.69**	21,815,785.02
	Add: Non-operating income	**1,650,439.94**	34,497.98
	Less: Non-operating expenses	**50,798.07**	3,509,127.29
4.	**Total profit (gross loss stated with "-")**	**130,780,379.56**	18,341,155.71
	Less: Income tax expenses	**18,517,728.89**	1,010,784.54
5.	**Net profit (net loss stated with "-")**	**112,262,650.67**	17,330,371.17
	(I) Net profit from continuing operations (net loss stated with "-")	**112,262,650.67**	17,330,371.17

Items	2021 First Quarter	2020 First Quarter
(II) Net profit from discontinued operations (net loss stated with "-")		
6. Other comprehensive income, net of taxes	**255,398.49**	3,694,018.72
(I) Other comprehensive income unqualified for reclassification into profit or loss		
1. Change in re-measurement of defined benefit plan		
2. Other comprehensive income unqualified for transfer into profit or loss under entity method		
3. Changes in fair value of other equity instruments investments		
4. Changes in fair value of the enterprise's credit risk		
(II) Other comprehensive income to be reclassified into profit or loss	**255,398.49**	3,694,018.72
1. Other comprehensive income qualified for transfer into profit or loss under entity method		
2. Changes in fair value of other debt investments	**410,336.05**	3,683,263.09
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit loss allowance for other debt investments	**-154,937.56**	10,755.63
5. Hedged reserves of cash flows		
6. Foreign currency translation differences		
7. Others		
7. Total comprehensive income	**112,518,049.16**	21,024,389.89

Legal representative:	*Person in charge of accounting affairs:*	*Chief accountant:*	*Head of the accounting department:*
Jian Mingjun	**Chang Junsheng**	**Li Zhaoxin**	**Guo Liangyong**

CONSOLIDATED STATEMENT OF CASH FLOWS

January–March 2021

Prepared by: Central China Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items		2021 First Quarter	2020 First Quarter
1.	**Cash flows from operating activities:**		
	Net decrease in financial assets held for trading	**350,389,329.54**	
	Cash from interest, fee and commission	**790,998,070.01**	503,484,706.64
	Net increase in interbank borrowings		330,000,000.00
	Net increase in income from repurchase transactions		2,590,606,019.14
	Net decrease of resale business	**328,456,839.46**	756,638,251.52
	Net cash received from securities brokerage	**79,703,265.57**	1,112,886,645.06
	Other cash received relating to operating activities	**705,731,828.28**	479,177,330.41
	Sub-total of cash inflows from operating activities	**2,255,279,332.86**	5,772,792,952.77
	Net increase in financial assets held for trading		3,256,488,245.71
	Cash paid for interest, fee and commission	**176,560,408.91**	157,933,297.99
	Net decrease in interbank borrowings	**90,000,000.00**	
	Net decrease in income from repurchase transactions	**522,299,346.57**	
	Net increase in financing funds	**83,718,323.72**	181,363,715.90
	Cash paid to and for employees	**424,678,844.88**	343,886,036.71
	Cash paid for taxes and surcharges	**55,122,344.20**	64,510,272.09
	Other cash paid relating to operating activities	**815,833,792.18**	581,662,486.71
	Sub-total of cash outflows from operating activities	**2,168,213,060.46**	4,585,844,055.11
	Net cash flows from operating activities	**87,066,272.40**	1,186,948,897.66
2.	**Cash flows from investing activities:**		
	Cash received from disposal of investments		102,692,909.93
	Cash received from return on investments	**25,393,077.54**	20,646,587.03
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,983.00

Items	**2021 First Quarter**	2020 First Quarter
Sub-total of cash inflows from investing activities	**25,393,077.54**	123,345,479.96
Cash paid for investments	**22,042,868.09**	
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	**17,151,865.20**	21,705,341.11
Sub-total of cash outflows from investing activities	**39,194,733.29**	21,705,341.11
Net cash flows from investment activities	**-13,801,655.75**	101,640,138.85
3. Cash flows from financing activities:		
Cash received from borrowings		375,723,200.00
Cash received from issuance of bonds	**3,166,261,000.00**	635,087,000.00
Other cash received relating to financing activities	**50,282,311.60**	
Sub-total of cash inflows from financing activities	**3,216,543,311.60**	1,010,810,200.00
Cash paid for repayment of debts	**1,171,127,000.00**	1,103,991,000.00
Cash paid as dividends, profits or interest expense	**118,972,949.63**	99,374,844.75
Other cash paid relating to financing activities	**18,212,119.40**	11,578,995.30
Sub-total of cash outflows from financing activities	**1,308,312,069.03**	1,214,944,840.05
Net cash flows from financing activities	**1,908,231,242.57**	-204,134,640.05
4. Effect of exchange rate changes on cash and cash equivalents	**-557,215.23**	-2,792,721.39
5. Net increase in cash and cash equivalents	**1,980,938,643.99**	1,081,661,675.07
Add: Cash and cash equivalents at the beginning of the Period	**13,312,322,291.24**	11,805,475,726.56
6. Cash and cash equivalents at the end of the Period	**15,293,260,935.23**	12,887,137,401.63

Legal representative:	*Person in charge of accounting affairs:*	*Chief accountant:*	*Head of the accounting department:*
Jian Mingjun	**Chang Junsheng**	**Li Zhaoxin**	**Guo Liangyong**

STATEMENT OF CASH FLOWS OF THE COMPANY

January–March 2021

Prepared by: Central China Securities Co., Ltd.

Unit: Yuan   Currency: RMB   Type of audit: Unaudited

Items	**2021 First Quarter**	2020 First Quarter
1. Cash flows from operating activities:		
Cash from interest, fee and commission	**726,781,247.48**	446,475,889.91
Net decrease in financial assets held for trading	**299,264,955.99**	
Net decrease of resale business	**328,756,839.46**	763,038,251.52
Net increase in interbank borrowings		330,000,000.00
Net increase in income from repurchase transactions		2,590,606,019.14
Net cash received from securities brokerage		1,180,484,617.09
Other cash received relating to operating activities	**54,316,495.54**	6,143,395.48
Sub-total of cash inflows from operating activities	**1,409,119,538.47**	5,316,748,173.14
Net increase in financial assets held for trading		2,940,202,041.64
Net increase in financing funds	**94,101,545.49**	206,415,110.81
Cash paid for interest, fee and commission	**167,847,374.13**	147,310,582.37
Net decrease in interbank borrowings	**90,000,000.00**	
Net decrease in income from repurchase transactions	**522,299,346.57**	
Net cash paid for securities brokerage	**142,513,618.45**	
Cash paid to and for employees	**375,327,237.47**	301,924,561.44
Cash paid for taxes and surcharges	**43,113,358.57**	49,317,736.01
Other cash paid relating to operating activities	**153,738,482.94**	213,649,475.27
Sub-total of cash outflows from operating activities	**1,588,940,963.62**	3,858,819,507.54
Net cash flows from operating activities	**-179,821,425.15**	1,457,928,665.60
2. Cash flows from investing activities:		
Cash received from return on investments	**9,228,402.42**	6,664,930.36
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,983.00

Items	**2021 First Quarter**	2020 First Quarter
Sub-total of cash inflows from investing activities	**9,228,402.42**	6,670,913.36
Cash paid for investments	**15,656,203.09**	10,000,000.00
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	**15,218,287.16**	21,694,313.11
Sub-total of cash outflows from investing activities	**30,874,490.25**	31,694,313.11
Net cash flows from investment activities	**-21,646,087.83**	-25,023,399.75
3. Cash flows from financing activities:		
Cash received from issuance of bonds	**3,166,261,000.00**	635,087,000.00
Sub-total of cash inflows from financing activities	**3,166,261,000.00**	635,087,000.00
Cash paid for repayment of debts	**1,171,127,000.00**	449,574,000.00
Cash paid as dividends, profits or interest expense	**91,149,397.54**	82,487,015.36
Other cash paid relating to financing activities	**13,663,744.44**	8,843,016.09
Sub-total of cash outflows from financing activities	**1,275,940,141.98**	540,904,031.45
Net cash flows from financing activities	**1,890,320,858.02**	94,182,968.55
4. Effect of exchange rate changes on cash and cash equivalents	**33,942.27**	149,342.84
5. Net increase in cash and cash equivalents	**1,688,887,287.31**	1,527,237,577.24
Add: Cash and cash equivalents at the beginning of the Period	**11,500,913,337.34**	9,849,533,204.97
6. Cash and cash equivalents at the end of the Period	**13,189,800,624.65**	11,376,770,782.21

Legal representative:	*Person in charge of accounting affairs:*	*Chief accountant:*	*Head of the accounting department:*
Jian Mingjun	**Chang Junsheng**	**Li Zhaoxin**	**Guo Liangyong**

4.2 Adjustments to the opening balance of the related items in the financial statement for the first year implementing the New Leases Standards in 2021 due to such implementation

☐ Applicable ✓ Not applicable

4.3 Descriptions of the retrospective adjustment to the comparative information in the previous periods due to first implementation of the New Leases Standards in 2021

☐ Applicable ✓ Not applicable

4.4 Auditor report

☐ Applicable ✓ Not applicable