

(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)

2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

The report is the fifth Environmental, Social and Governance Report (hereinafter referred to as the "Report") issued by Central China Securities Co., Ltd.and its subsidiaries (hereinafter collectively referred to as the "Group"). It aims to disclose the economic, social and environmental practices and performance of the Group to its stakeholders.

Scope of Application

Organizational scope: The report covers the securities branches, branches and major subsidiaries of the Group in China (including Hong Kong). For more information, please refer to "Branches and Subsidiaries" in "About Us". Reporting period: Ranging from Jan.1, 2020 to Dec. 31, 2020 (Some contents go beyond the above reporting period). Reporting cycle: Annual report.

Compilation Basis

Shanghai Stock Exchange's Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 -Contents and Formats of Annual Reports (2017), Notice on Strengthening the Social Responsibility of Listed Companies and Issuing the Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange (2008)

Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited (2020) Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards)

Reporting Statement

The data and cases provided come from the original records or financial reports issued by Central China Securities and its subsidiaries and branches. Unless otherwise specified, the financial data provided herein is presented in RMB. In case of any inconsistency with the financial report, the financial report shall prevail.

Board Guarantee

The Board of Directors of the Group guarantees that there are no false records, misleading descriptions or major omissions in the content disclosed in the Report, and all the data are truthful, valid and accurate.

Reporting Principles

Materiality principle: The report identifies and responds to important ESG issues affecting the Group's sustainability based on on-line stakeholder surveys, data analysis, etc. The materiality analysis process and results are detailed in this report P16. Quantification principle: Quantitative key ESG performance has been disclosed in this report P63-65. Consistency principle: The report keeps indicators used in different reporting periods as consistent as possible and explains changed indicators to present changes in performance.

Balance principle: The report reflects objective facts while disclosing positive and negative indicators.

Access to the Report

The printed version of the Report is available at the Head Office of the Group. The electronic version in PDF may be downloaded from the Group's official website at www.ccnew.com, and is also available on the website of the Shanghai Stock Exchange at www.sse.com.cn, and the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk .

• Feedback from Readers

If you have any questions or suggestions about this Report or the Group's social responsibility performance, please contact us through the following contact information: Address: 19F, Hailian Building, 20 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China Tel: 0371-69177590 Fax: 0371-86505911 Email: investor@ccnew.com

Message from Chairman

of a moderately prosperous society in all respects, the final year of "the 13th Five-Year Plan" as well as the decisive vear for achieving the first 100-vear goal. In the face of the unexpected COVID-19 and the complex and severe economic situation at home and abroad. taking the important speeches and instructions of President Xi Jinping as the fundamental guidance, the whole Group, under the leadership of the executives, implemented the Central and Provincial Party Committee's decisions and deployments, coordinated the epidemic prevention and control and business development, making positive progresses in all work, and the company made solid steps towards the "second take-off" and high-quality development.

2020 was the closing year of building

In this year, keeping in mind President Xi Jinping's important requirement -"putting people's lives and health first", the Group firmly implemented a series of decisions and deployments made by Central and Provincial Party Committees, clearly put forward the idea of ensuring no retardation in either epidemic prevention and control or business development, and the responsibility was pressed into action at all levels. We have been making every effort to ensure the safety and health of the cadres and employees. The Group donated RMB 4 million to areas seriously affected by COVID-19 in time, contributing our share of efforts to epidemic prevention and control.

During the year, we successfully completed a private placement of RMB 3.645 billion in A-shares, significantly enhancing our capital strength.Keeping up with the tide, we further enhanced our main business to better serve the real economy and help increase

people's income from property. The transformation of wealth management in brokerage business has begun to bear fruit, with revenue reaching a new record high, and investment banking business kept a strong momentum. Throughout the year, the Group helped enterprises raise more than RMB 20 billion, and sponsored eight enterprises to successfully pass the IPO in a row, setting the best records since the establishment of the Group, and the ranking of core indexes in the industry has been significantly improved; bond proprietary trading kept the industryleading status, making progresses in steady development; Zhongyuan Equity Trading Center Co.Ltd., controlled by the Group, ranked 6th among 34 regional equity markets in China in terms of the number of listed enterprises, cumulatively raising over RMB 11 billion for enterprises through IPO, among which two were listed on the main board. The role as the capital market incubator has gradually emerged.

During the year, we continued to strengthen the construction of compliance and risk control system, carefully organized compliance and risk control publicity and trainings, vigorously cultivated the culture of compliance and risk control among all staff. As a result, the internal control management structure and system that matched with the Group development was constantly improved and reached a new level, the sub-rating of which was back to AA.

During the year, we have made new progress in supporting poverty alleviation. The annual donation to poor areas was RMB 1.5488 million. Henan Provincial Poverty Relief Foundation, led by the Company, has cumulatively raised over RMB 730 million, benefiting more than 200,000 of poor population. Relying on the advantages of the industrial chain of comprehensive brokerage firms and the special resources of poor areas, we fulfilled our social responsibility and helped Lankao County, Fanxian County, Shangcai County, Gushi County and Tongbai County in Henan Province to enhance their ability to make money by using"investment banking + investment" as a carrier and focusing on industry cultivation, which is highly acclaimed at home and abroad. In particular, we participated in investing in a large film themed on poverty alleviation, "An Era of Infinite Possibilities", showing the practical efforts of our province to win the battle of poverty alleviation while remembering the wishes of President Xi.

During the year, upon the completion of private placement and empowered by technology, the Group continuously strengthened business cooperation with top institutions in the industry, and launched a series of substantial plans centered around the upgrading of major businesses, laying a solid foundation for the accelerated development of the Group in the 14th Five-Year Plan period.

2021 marks the centenary anniversary of the founding of the Communist Party of China as well as the opening year of the 14th Five-Year Plan. We will carry forward an innovative and pioneering spirit to work hard and serve the people, continue to improve Party conduct and uphold integrity, promote the upgrading of all major businesses, continuously optimize the spatial layout of development, and fight the battle of risk resolution. We will actively fulfill our social responsibility, help revitalize the countryside, and accelerate the Group's high-quality development and "second take-off". We will strive to make better achievements and greater contributions for the celebration of the 100th anniversary of the Party!



Chairman Jian Mingjun

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لتحدث

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About Us

Company Profile

As of the end of the reporting period, assets of the Group totaled RMB

52.377 billion

A Wanter and

AUM stayed above RMB

200 billion

Central China Securities is the only securities company registered in Henan Province. It engages in securities brokerage, securities investment consulting, financial advisory services relating to securities trading and investment activities, securities underwriting and sponsorship, 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 agency sale of financial products business.

In 2020, the COVID-19 outbreak brought great changes to the global economy. Even though, following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and the decisions and plans of the CPC Central Committee, State Council, CPC Henan Provincial Committee, and People's Government of Henan Province, the Group still made comprehensive progress while achieving success in COVID-19 prevention and control. Specifically, reforms across the bank, particularly the investment banking reform, have taken effect in all aspects; segments like wealth management, trading, investment, asset management, New Four Board, futures, and microfinance continued to grow steadily; and the digital transformation, which is crucial for the development of the Group, registered solid progress. In 2020, investment banking saw breakthroughs, wealth management transformation started to yield returns, and subsidiaries experienced coordinated development. In July 2020, the Group completed a private placement for RMB 3.645 billion, the fourth and also the largest financing arrangement in Shanghai and Hong Kong since our listing in HKEX and SSE in 2014 and 2017, which greatly enhanced our ability to resist risks and promote the economic and social development of Henan.

As of the end of the reporting period, assets of the Group totaled RMB 52.377 billion, AUM stayed above RMB 200 billion, and we had set up more than 110 branches in Beijing, Shanghai, more than two-thirds of capital cities, as well as non-capital cities and developed counties across China, with more than 2,800 employees. A nation-wide business network with Henan at the heart has been created. The Group focused on expertise development to build core competencies, primarily in wealth management, fixed income, investment banking, investing and acquisition, so as to customize comprehensive investment and financing solutions for our clients.

Organizational Structure



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• Branches and Subsidiaries

As at the end of the reporting period, the Group had a total of 86 securities branches located in 12 provinces, autonomous regions and municipalities directly under the Central Government.

As at the end of the reporting period, the Group had a total of 28 branch offices.

As at the end of the reporting period, the Group had 5 subsidiaries, including 4 domestic subsidiaries and 1 overseas subsidiary.

• Number of Securities Branches

| Region | Number of Securities Branches | Region |
|--------------------|----------------------------------|--------------------|
| Henan Province | 70 | |
| Beijing | 2 | Henan Province |
| Shanghai | 2 | Shaanxi Province |
| Zhejiang Province | 2 | Shandong Province |
| , , | 2 | Shanghai |
| Guangdong Province | | Beijing |
| Hubei Province | 1 | |
| Hunan Province | 1 | Jiangsu Province |
| Jiangsu Province | 2 | Hunan Province |
| | 1 | Guangdong Province |
| Shandong Province | 1 | Sichuan Province |
| Hebei Province | 1 | |
| Tianjin Province | 1 | Hainan Province |
| Shanxi Province | 1 | |
| | | |

Number of Branch Offices

Number

of Branch

Offices

17

1

2

2

1

1

1

1

1

1

Number of Subsidiaries

| Region | Number of Subsidiaries |
|----------------------|---------------------------|
| Henan Province | 3 |
| Beijing Municipality | 1 |
| Hong Kong | 1 |
| | |





• Corporate Culture



• Honors and Awards



Award presenters

Wind Info "Best Investment Bank of 2019" Selection held in 2020

Honors and awards Award for Rapid Progress in Equity Underwriting





(•)

Award presenters Henan Finance Guarantee Industry Association

Honors and awards Excellent Microfinance Company in Henan Province



Award presenters

CPC Kaifeng Urban-Rural Integration Demonstration Zone Working Committee, Kaifeng Urban-Rural Integration Demonstration Zone Management Committee

Honors and awards

2019 "Special Contribution Award" for Opening up and Investment Promotion



Award presenters Excellent Market Makers selected by Shanghai Futures Exchange

Honors and awards Market Making Diamond Award

2020

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Philosophies

• ESG Concepts and Goals

• Communication with Stakeholders

Materiality Analysis

ESG Concepts and Goals

Holding on to the core values of "Compliance, Integrity, Professionalism, and Prudence", and the vision of "creating a national securities network radiating from central China, with striking core competencies and substantial industry and social influence", we actively implemented national strategies with its professional advantages, in a bid to contribute more to the promotion of China's capital market, the economic and social development and the environmental protection.



Communication with Stakeholders

We identify key stakeholders, including shareholders and investors, governments and regulators, employees, suppliers, customers, partners, as well as communities and the public according to the characteristics of our actual business operations and management. To ensure timely and effective communication with stakeholders, we have established and constantly improved the engagement mechanism. Key stakeholders identified by the Company in 2020 and their main concerns are listed below:

| | Responsibility Concept | Main Communication Channels | Concerns |
|-------------------------|--|---|---|
| Government or regulator | Government acts as regulator | Institution review Policy implementation Important meeting Compliance management Event reporting | Targeted poverty alleviation Anti-corruption Compliance management Emissions management |
| Employees | Employees are the key strategic resource for achieving the "second take- off" | Employee suggestion box Communication with labor union Questionnaire Employee activities | Employment and employee welfare Employee development and training Occupational health and safety Lab Standards |
| Clients | The Group insists on being customer-centric and meets their needs | Client visits Questionnaire Complaint hotline | Product responsibility Customer service and complaint management Customer privacy and data security |
| Suppliers | Promote and strengthen ESG management of suppliers and jointly building a sustainable ecosystem | Supplier review | Green purchasingTransparent procurement |
| Investors | We are committed to creating value for investors | Shareholders' general meetings Information disclosure Receiving visitors Investor meeting Questionnaire | Profitability Corporate governance Risk control Information disclosure transparency |
| The public | A stable social environment is the foundation for the development of the Group | Interaction with communities Finance-driven poverty alleviation Recruitment fair Questionnaire | Community investmentInclusive finance practiceFighting against COVID-19 |
| Media agencies | The Group should actively engage with the media, improve the information disclosure mechanism, and expand media engagement channels | Communication meetingQuestionnaireMedia agency interviews | Compliance managementSteady developmentInformation disclosure |

Materiality Analysis

To systematically identify the focuses of social responsibility management, we formulated a questionnaire according to national strategies and corporate development strategies, to collect the opinions of stakeholders on the materiality assessment of ESG issues. A total of 238 valid questionnaires were collected. Respondents included internal and external stakeholders such as employees, customers, investors, governments, regulators, suppliers, the public, and the media. Based on the results questionnaires, the Group decided the materiality of the social responsibility issues and created a materiality matrix of social responsibility issues in 2020, which determined the selection of information provided in the Report.



Impact on stakeholders





Governance

"State-owned enterprises are the important material and political foundation of socialism with Chinese characteristics. They are the important pillar and relying force of the Communist Party of China in ruling and prospering the country. Adhering to the Party's leadership and strengthening the Party's construction are the glorious traditions of state-owned enterprises, the 'root' and 'soul' of state-owned enterprises, and the unique advantages of SOEs." -- President Xi Jinping

• Strengthening Corporate

 Anti-corruption Anti-money Laundering

As the only securities firm as a legal person in Henan, the Group followed the guidance of President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, upheld the unity of Party leadership, and strengthened Party building in all aspects. Sticking with the goal of "Achieving high-quality development through high-quality Party building", the initiatives of CSRC, and the core values of "Compliance, Integrity, Professionalism, and Prudence", the Group took a range to measures to develop corporate culture and create a healthy work environment, in a bid to achieve compliant, steady and efficient development.

Strengthening Corporate Governance

Improve governance structure

President Xi Jinping pointed out that the "characteristics" of the modern stateowned enterprise system with Chinese characteristics refer to integrating Party leadership into all aspects of corporate governance, embedding corporate Party organizations in the corporate governance structure, and defining the legal position of Party organizations in corporate governance. It is necessary to properly handle the relationship between Party organizations and other governance entities, and clearly define powers and responsibilities, so as to form a corporate governance framework in which all relevant parties perform their duties in a coordinated manner while supervising each other.

The Group integrated Party building into all aspects of corporate governance and amended the *Articles of Association and Rules of Procedures of the Board of Directors* to incorporate Party leadership into the corporate governance at the institutional level. The amendments stipulated that major issues must be first discussed by the Party committee before being submitted to the Board of Directors, and that the Party committee should be responsible for leadership, Board of Directors for decision making, management for implementation, and Board of Supervisor for supervision. A corporate governance framework in which all relevant parties perform their duties in a coordinated manner while supervising each other has been created to increase the competence of all governance entities, ensuring the efficient implementation of corporate decisions.

Listed in both mainland China and Hong Kong, the Group strictly abided by the laws, regulations and regulatory documents in mainland China and Hong Kong, and operate in compliance with the law. In addition, according to the industry cultural development initiative proposed by CSRC, we developed the culturedriven development strategy to empower further development.

Strengthen institutional regulation system

In 2020, the Group continued to improve its institutional mechanism, carry out regular theoretical learning, and strengthen the construction of its cadre, so as to provide solid organizational support for the Group's high-quality development.

The Group actively responded to the requirements of the Organization Department of the Central Committee of the Communist Party of China (CPC), put the leadership of the Party into practice in all areas of corporate governance, improved the institutional mechanism to promote the high-quality development of the Group under the leadership of the Party's political construction, and achieved the same planning, deployment, promotion and assessment of Party construction work and business work. Insist on "learning at every meeting", strictly implement the "first issue" system, encourage the person in charge of each branch and the majority of party members to strengthen policy and theory learning, enhance "the consciousness of the need to maintain political integrity, think in big-picture terms, uphold the leadership core, and awareness of alignment", firm up the "the confidence in the path, theory, system and culture", resolutely uphold the core of the CPC, and resolutely uphold the authority and centralized leadership of the CPC, and fully play the role of the pioneer and exemplary party members. Through policy and theory learning, the Group has integrated the party building concept into all aspects of the company's operation, raised the political awareness of the grass-roots staff and ensured the quality development of the company.

Compliance on information disclosure

During the reporting period, the Group regularly disclosed information through the SSE, SEHK, Company's official website, China Securities News, Shanghai Securities News, Securities Times, and Securities Daily. In 2020, the Group formulated the *Regulations of Central China Securities on the Accountability for Major Information Disclosure Errors in the Annual Report*, to further improve information disclosure procedure, and clarify the responsibilities of all parties, thus ensuring efficient and accurate information disclosure at the institutional level.

In terms of investor relations management, in accordance with relevant regulations specified in the Securities Law of the *People's Republic of China* and the requirements of SSE, the Group formulated the *Regulations of Central China Securities on Investor Relations Management*, to further strengthen the management of investor relations, and fulfill responsibilities to stakeholders and investors, especially protecting the rights of small and medium shareholders to know and participate. Through multiple channels such as the SSE E Interactive Platform, investor mailbox and investor hotline, we built sound relations with investors, and ensured that they were timely informed of the decisions and operations of the Group, boosting their investment confidence.

Comprehensive Risk Management

The 19th CPC National Congress stated that to secure a decisive victory in finishing the building of a moderately prosperous society in all respects, it was necessary to forestall and defuse major risks, carry out targeted poverty alleviation, and prevent and control pollution. President Xi Jinping stressed that financial risk management is a key part of forestalling and defusing major risks. In accordance with *Regulations for Comprehensive Risk Management of Securities Companies, Measures for the Management of Risk Control Indexes for Securities Companies*, and other regulatory requirements, the Group improved the risk management system, risk management organizational structure, risk management information technology system, risk management index system, and other risk response systems. We also improved the professional capacities of the risk management team and risk response mechanism, to improve risk management in all aspects.

We created a risk preference and tolerance index system. We know that risk is highly correlated with capital and return, so we bore moderate risks to strike an optimal balance among investment scale, profitability and risk tolerance, so as to create continuous and stable return for shareholders. According to the strategy of prudent risk preference, the Group formulated a tolerance index system that reflects our development strategies and evaluated extreme risks through regular and irregular stress tests. In addition, in line with the principle of prudent authorization and decision-making, we authorized the Head Office and subsidiaries according to the levels of risks that they faced and the services they offered, to achieve steady development. We set risk limits for the whole Group to ensure that risk was controlled within our tolerance.

The Group assessed, measured, monitored, responded to and reported major risks faced by the Group, such as credit risk, market risk, liquidity risk, operational risk, compliance risk, information technology risk, and reputation risk. As for different business models, including self-operated equity investments, selfoperated fixed income investments, credit, investment banking, brokerage, making markets, and subsidiaries, the Group customized corresponding risk management solutions to enhance risk management, and ensure risk controllability. The Group continued to improve risk management before, during and after an event through inspections, assessments and other means. Credit Risk

Market

Risk

During the reporting period, first, the Group established an internal rating system for bond market access management and other supplementary credit risk management measures. Second, the Group improved due diligence and duration management systems for share pledging, established a four-category project risk management strategy, and developed principles for capital increase and reduction in the duration. Third, the Group optimized the risk indicator (e.g., size, limit, and percentage of a customer's single security pledge to total equity) management systems for margin trading, share pledging, and the margin trading and bond investing of overseas subsidiaries. Fourth, the Group unified the credit risk and public opinion monitoring standards for branches and subsidiaries.

During the reporting period, the Group continued to improve market risk management.

First, the Group broke down DV01 according to departments and the types of securities (e.g., credit bonds, and interest rate bonds) for risk management.

Second, the Group studied the hedging strategy, and tried to incorporate financial derivatives such as government bond futures and interest rate swaps into risk-neutral investment transactions, to hedge certain market risk exposures.

Third, the Group created a unified risk management system, and optimized risky investments of the Group according to the principle of unified risk management; optimized the risk management plans of different asset management offerings; added several risk indicators such as proportion of high-risk investments, single type stop-loss, and single product stop loss; and improved risk management indicators (e.g., size, limit, single product concentration, and stop-loss) for overseas subsidiaries and the investment arm of Central China Futures.

Operational Risk

During the reporting period, the Group optimized the operational risk management system, and developed management plans for operational risk management process analysis and evaluation, key risk management indicators, and collection of operational risk losses, primarily aiming at offerings with credit and market risks provided by the Group. Through operational risk management, the Group effectively controlled the accumulation of high-frequency low-loss operational risks, and the frequency and timeliness of early warning of low-frequency high-loss operational risks.

Prudent and Compliant Operations

President Xi Jinping put forward six tasks for maintaining financial security. Among them, deepening financial reforms, improving the financial system, advancing corporate governance reforms in the financial industry, enhancing prudent and compliance management, and urging financial institutions to effectively assume risk management responsibilities are prior tasks. The Group's board of directors and management attached great importance to compliance management which lays a foundation for corporate development. The Group comprehensively promoted compliance culture to improve the Group's compliance risk management capacity. Upholding the industry culture of "Compliance, Integrity, Professionalism, and Prudence", and the corporate culture of being "Simple, Kind, Honest, Sincere, Rigorous, Persistent and Pragmatic", the Group promoted regulatory and compliance requirements across the Group. Specifically, through dynamic tracking, rule-based guidance, case study and warning, and risk reminding, the Group incorporated compliance management into day-to-day work, helping employees develop the sense of compliance and realize that compliance creates value. The Group also improved compliance assessment and accounting systems.

In terms of compliance management, the Group created a four-layer compliance management structure composed of Board of Directors, Compliance Director, Compliance Management Department, and compliance management personnel. The Group continued to improve the Group's compliance management systems. During the reporting period, we established and revised 18 compliance management systems and supervised all departments to incorporate compliance management into business system and procedure. As for the fulfillment of compliance management responsibility, in strict accordance with the *Securities Law, Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies* and other laws and regulations, the Group effectively identified, prevented, controlled and resolved compliance risks, while using fintech to further improve the efficiency and refinement of compliance management.





In December 2020, the Group invited experts from a distinguished accounting firm to share insights on Compliance Management.

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we established and revised





To promote the development of industry culture, and incorporate the industry culture of "Compliance, Integrity, Professionalism, and Prudence" into the Group's operations and management, the Group organized various activities during the Compliance Culture Month lasting from December 7 to December 31 in 2020.

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Anti-corruption

Following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the spirit of the 19th CPC National Congress, and the 2nd, 3rd, 4th and 5th Plenary Sessions of the 19th CPC Central Committee, as well as the spirits of the 4th Plenary Session of the 19th Central Commission for Discipline Inspection, and 5th Plenary Session of the 10th Henan Provincial Commission for Discipline Inspection, the Group improved Party conduct and anti-corruption, and combined full, rigorous self-discipline of the Party with corporate governance and compliant operations and management.

2019

In accordance with the Regulations on the Anti-corruption of Executives in State-owned Enterprises, Regulations on the Anticorruption of Securities and Futures Firms and Staff, and other relevant regulations, as well as internal regulations such as the Measures of the CPC Central China Securities Committee for Implementing the "Regulations on the Anti-corruption of Executives in State-owned Enterprises" (Trial), and Measures of Central China Securities for Anti-corruption Management, 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. We enhanced anti-corruption education, promoted the corruption risk management system, and punished violations of regulations, disciplines and laws. These efforts aimed at making sure that the management "don't dare to, are unable to and have no desire to commit corruption", and eliminating behaviors related to tunneling or propping that are prohibited by relevant laws and regulations.Corruption cases pursued by law and irregularities handled by internal supervisors during the reporting period have been handled appropriately.

Creating a corruption risk Strengthening overall Building a platform for Strengthening supervision management system Party leadership disciplinary inspection, complaining and reporting to Conducting regular anti- Stipulating that major issues promote anti-corruption corruption interviews, and must be first discussed by the Party committee before being Regularly reporting to the pre-iob anti-corruption investigations and interviews submitted to the Board of Group's discipline inspection Setting up an inspection and Directors and supervision Group • Focus on key areas, links rectification leading group and positions, and carrying Defining the power and Improving the Group's Promoting inspection-based out duty inspections responsibilities of the Party accountability system rectification. audit-based committee. Board of Directors. rectification, and case-based Establishing a discipline Board of Supervisors, and rectification inspection department that Annual General Meeting governs the Group

Case | The Company held case-based anti-corruption meeting

On December 2, 2020, the Company held the "Don't Dare to, Are Unable to and Have no Desire to Commit Corruption" Case-Based Rectification Working Meeting, for the purpose of promoting prudent, high-quality development through improving Party conduct and anti-corruption.



Anti-money Laundering

In strict accordance with the Anti-Money Laundering Law of the People's Republic of China, Counterterrorism Law of the People's Republic of China, Provisions on Anti-money Laundering through Financial Institutions, Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions, Measures for the Supervision and Administration of Anti-Money Laundering by Financial Institutions, and other relevant laws and regulations, the Group take preventive and monitoring measures 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. We took a range of measures to manage money laundering, terrorist financing and proliferation financing risks. First, we enhanced organizational leadership in anti-money laundering. Second, we improved various anti-money laundering systems and processes, and anti-money laundering information system, so as to guide relevant departments and branches to perform statutory obligations such as customer identification, customer risk classification, antimoney laundering promotion and training, and reporting high-value and suspicious transactions. These measures curbed money laundering crimes and prevented money laundering risks. During the reporting period, there was no violation of any of the above-mentioned laws and regulations.







Anti-money laundering training (Unit: times)







During the reporting period, the Group participated in

5 training sessions organized by the People's Bank of China, and Securities and Futures Association of Henan Province;

organized

8 sessions of internal anti-money laundering training for various departments, branches and subsidiaries;

and submitted

5 suspicious transaction reports to the China Anti-Money Laundering Monitoring and Analysis Center. The Group employed external agencies to conduct money laundering risk assessment on the Group and its business, coordinated screening of information on customers and their beneficial owners, and organized publicity and inspections according to anti-money laundering laws regulations.

Case | Anti-money laundering trainings

To implement anti-money laundering, counter-terrorist financing and anti-tax evasion regulatory requirements, enhance the awareness of money laundering risk management and understand anti-money laundering policy requirements, in November 2020, we invited experts from law firms to conduct special anti-money laundering training, to share insights on current trends of anti-money laundering supervision, and key points on anti-money laundering internal control and compliance requirements.



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Actions

"The financial sector is crucial for the economic development of a country. We must actively promote inclusive finance, vigorously support weak links in economic and social development such as micro and small enterprises, Three Rural Issues and target poverty alleviation, and strive to make financing more accessible and affordable. We must increase financial supports to innovationdriven development, transformation to renewable energy, and the establishment of innovation and entrepreneurship demo centers; and provide financial services to key national strategies, major reform measures and important projects. It is necessary to increase the ability of capital markets to serve the real economy, actively and prudently promote equity financing, and increase the proportion of direct financing, thus providing higher-quality and more efficient financial services for the development of the real economy."

--- President Xi Jinping

Focusing on Henan to Promote High-quality Local Economic Development

Creating Value for Customers Based on a Win-

Promoting Green Finance to Build an Ecological



Encouraging Employee Development to Build **Cohesive Professional** Teams



Assisting Vulnerable Groups to Create a Harmonious and Caring Society

The past year was extraordinarily challenging for Henan since the founding of the People's Republic of China due to the sudden outbreak of the COVID-19 pandemic. Even though, in accordance with the spirits of President Xi Jinping's important speeches and instructions on Henan's development, and the requirements of CPC Henan Provincial Committee, the Group strove to promote the stability on the six fronts and security in the six areas, fulfilling our responsibility for serving the real economy and the people.

Focusing on Henan to Promote High-quality Local **Economic Development**

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Serving the real economy

At the Fifth National Financial Work Conference, President Xi Jinping pointed out that the financial sector is crucial for the development of the real economy, and serving the real economy is the bounden duty and purpose of the financial sector and the fundamental way to guard against financial risks. The financial sector should take serving the real economy as its starting point and ultimate goal, comprehensively improve service efficiency and quality, and allocate more financial resources to key areas and weak links of economic and social development, so as to better meet the diverse financial needs of the public and the real economy. Preventing the occurrence of systemic financial risks is the fundamental task of the financial sector. As COVID-19 spread around the world, international financial markets became more volatile. This urgently requires the financial sector to stick to its fundamental purpose of better serving the development of the real economy.

Facing the difficult and complex economic environment at home and abroad, particularly the weak real economy facing difficulties, we as the only securities firm in Henan proactively engaged in serving the real economy in accordance with the important instructions of President Xi Jinping, relying on our professional advantages in the capital market. We kept a balance between tight and loose credit, and enhanced "investment banking + investing", focused on and particularly developed M&As and financial advisory services. Through creating financing channels and providing financial advisory services, we addressed the financing . transforming and upgrading needs of real economy enterprises both inside and outside Henan, propelling their reforms and steady development. In this process, we also fulfilled our social responsibility as an enterprise.



Case | "Investment Banking + Investing" duel wheel mode of the Group worked successfully

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The Group's investment subsidiaries such as Central China Blue Ocean Investment Management Company Limited and Zhongding Kaiyuan Venture Capital Management Co. Ltd. enhanced the empowering function of the local governments and enterprises based on their own capital and industrial investment funds, promoting industrial upgrade. Investments mainly went to energy efficiency and environmental protection, advanced manufacturing, modern agriculture and other strategic emerging industries. In 2020, Shengtong Juyuan New Material Co., Ltd in Puyang city, a key investee of the Group, independently developed non-phosgene polycarbonate, successfully breaking the monopoly of the technology by foreign companies, and filling the gap in new chemical materials in Henan. This marked a technological leapfrog towards cuttingedge chemical materials.

The Group helped Jianlong become Case the first STAR market-listed company in Henan, promoting industrial upgrade

Jianlong (Luoyang) Micro-nano New Materials Co., Ltd. is a domestic leading enterprise with integrated R&D, production, sales and technical service of adsorption type molecular sieve products in China. The core technology products have reached the international performance standard and served as a leading role in China, and many products have achieved import substitution. Its products are widely used in key government-supported industries such as petrochemicals, special chemicals, fine chemicals, steel and non-ferrous smelting, and nuclear power, as well as emerging industries like hydrogen energy, soil remediation and governance, energy efficiency and environmental protection, and healthcare. It is a key provider of energy efficiency solutions.

As its investor and co-lead underwriter, the Group helped Jianlong list on the STAR Market of the Shanghai Stock Exchange, becoming the first STAR Market-listed company in Henan, and also in the six provinces in central China. The successful listing of Jianlong set an example for other enterprises in Henan interested in the STAR Market, and also promoted the green transformation of the new material industry.

Case

The Group facilitated the listing of San'an Optoelectronics, promoting the transformation and upgrade of China's chip industry

The Group was the sponsor and sole lead-underwriter for the private placement of San'an Optoelectronics Co., Ltd. for RMB 7 billion, the largest project sponsored and underwritten by the Group in recent years. The successful issue not only addressed the financing needs of the company, but also promoted the product structure optimization of China's LED chip industry, promoting industrial transformation and upgrade.

Case | The Group assisted Shenma in asset restructuring

M&As and financial consulting have been the focuses of the Group in recent years, an effort to better serve the capital market and real economy in Henan Province. In 2020, Shenma Industrial Co., Ltd. completed its major asset restructuring which involved RMB 2.086 billion asset transaction and less than RMB 1 billion of supporting funds raised. The Group acted as the independent financial adviser of the project. Through the transaction, Shenma acquired the nylon 66 business unit and its intermediate businesses under China Pingmei Shenma Group, and thus broadened business scope and extended business upstream its supply chain. After the acquisition, Shenma successfully built a complete nylon 66 industrial chain with patented core technologies and processes

Practicing inclusive finance

2020 marked the conclusion of the Plan for Advancing the Development of Inclusive Finance (2016-2020), and also the deadline for poverty alleviation. However, affected by the COVID-19 outbreak, many micro-, small and medium-sized enterprises (MSMEs) had to struggle to stay afloat. As a responsible social member, the Group actively responded to the calls of the government and regulator, assisting MSMEs relying on its advantages in the capital market. It addressed the financing needs of MSMEs, enabling them to revitalize.

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Providing a financing platform for MSMEs

As of the end of the reporting period. more than

8,500 companies had listed on the market



Central China Equity Exchange as the lead sponsor in accordance with the Reply of People's Government of level capital market. As of the end Henan Province to the Establishment of Central China Equity Exchange Co., Ltd. As the only regional equity exchange approved by the People's Government of Henan Province, Central China Equity Exchange mainly serves MSMEs in the administrative area of Henan Province. As an important part of the multi-level capital market system, the exchange

acts as a comprehensive platform to

In June 2015, the Group set up the implement governmental policies that support MSMEs.and also an incubator of MSMEs before they enter the higherof the reporting period, more than 8.500 companies had listed on the market, raising RMB 11.7 billion in the aggregate.



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Promoting the growth of micro- and small-sized startups

As of the end of the reporting period, the Group recorded RMB

738 million of inclusive finance financing, representing an increase of

50% compared to the beginning of the year

and outstanding inclusive finance loans provided by its subsidiary Henan Central China Micro-Lending Co., Ltd.

amounted to RMB



In the "Investment Banking + Investing" dual-wheel model, we nurtured MSMEs through providing services including financing, financial advisory services, microfinance, etc. with financial resources, an effort to promote inclusive finance and serve the real economy.



Central China Science and Technology Venture Capital Fund helped MSEs set sail

In 2015, Central China Securities and the Henan Provincial Finance Department jointly set up the RMB 500 million Henan Central China Science and Technology Venture Capital Fund (Limited Partnership), for the purpose of supporting microand small-sized startups in Henan by providing funds, promoting their healthy development. As of the end of the reporting period, the fund had allocated RMB 240.8 million to 28 projects related to high-tech fields like high-tech pharmaceutical R&D, Industry 4.0, and Internet Plus, as well as green industries such as energy efficiency, environmental protection, and modern agriculture.

Case | Inclusive finance help troubled enterprise bail out

Henan LFS Group Co., Ltd. is a leading modern farming enterprise focusing on pig farming and marketing in Henan Province. Its main products include commercial pigs, piglets and boars. Due to the hit by African swine fever and COVID-19 pandemic, its business situation was in crisis. To bail the company out, the Group provided stable investment as a shareholder, and at the same time, diverted liquidity to the company from relevant financial institutions actively, to help the Henan LFS Group Co. Ltd pull through the danger successfully.

Practicing responsible investment

Since the 18th CPC National Congress, high-quality and green industry development has become a focus and vigorously supported by the Party and the country. And this requires financial institutions to assume social responsibilities, promoting ecological conservation from the financial dimension. The Group recognized the role of financial institutions in optimizing the allocation of market resources and promoting high-quality development. Therefore, we incorporated the long-term value and ESG performance of potential investees into decision making, as part of our efforts to practice responsible investing.

Case Group practice of ESG Investment to promote high-quality development

The Group incorporated the sustainable development and CSR performance of potential investees into decision making. The Group included ESG assessment in due diligence and developed the multi-level ESG Investment Evaluation Index (Trial) that covers multiple industries, and an ESG Negative List.



production and has established a sound environmental protection management system. It has been rated as "Leading Enterprise in Energy Efficiency and Emission Reduction in Henan Province", "Leading Enterprise in Production Safety", "Advanced Industrial Manufacturer" etc. by provincial and city level regulators. Jianlong is a leading molecular sieve manufacturer in China with products being widely used in pollution abatement in the chemical industry. The company adopts green processes, technologies and equipment, and actively promotes energy saving, consumption reduction, emission reduction and efficiency improvement. It has invested over RMB 40 million to upgrade its cleaner production system, and has been rated as a "2020 Green Factory in Henan Province".



The Group recognizes that investors, which constitute a key part of a company's shareholders, can become a solid force to promote the high-quality development of the real economy. In post-investment management, the Group always actively fulfills its obligations as a shareholder, participates in shareholder meetings of investees, and appoints directors or supervisors to urge investees to improve corporate governance, enhance the sense of social responsibility and environmental awareness, and develop the capabilities required.

In early 2015, shortly after its foundation, Nanyang Fuxinte Optoelectronics Technology Co., Ltd. recorded a negative

Production and environmental protection

Employee protection and development

According to the ESG investing strategy, we selected some enterprises which performed outstandingly in sustainable development area, such as Shengyuan Energy Technology Co., Ltd., and Jianlong (Luoyang) Micronano New Materials Co., Ltd. Shengyuan focuses the R&D and manufacturing of ecofriendly new materials in maleic anhydride and its downstream products. It promotes cleaner

- gross profit margin due to the lack of competitiveness and inadequate production capacity. In 2016, Central China Science and Technology Venture Capital Fund invested in the company, strengthed its capital strength, propelled its transformation, and brought in software providers such as Dahe Zhixin to reduce its labor costs and improve production efficiency. In 2017, the company finally became profitable. In the following years, it grew rapidly and continuously in terms of R&D and profitability, and was awarded as leading enterprise by the Bureau of Social Security of Nanyang High-tech
- Industry Development Zone for two consecutive years

Creating Value for Customers Based on a Win-win **Relationship**

Technology empowers development

Since the 18th CPC National Congress, the CPC Central Committee has proposed the strategies of promoting digital economy and building a digital China, to ride on the trend of digitalization for the future. The Proposal of the CPC Central Committee for Formulating the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 clearly provides that efforts should be made to "accelerate digital development, and promote digital industrialization and industrial digitalization". Digital transformation is urgently needed to improve the quality and efficiency of financial services and optimize conventional offerings. It is also crucial for promoting digital finance and the replacement of old growth drivers with new ones. Being aware of the importance of digital transformation to our future development, we established a digital transformation leadership group headed by the Chairman, set the goals and paths of digital transformation, continued to promote the deep integration of digitalization into financial services, and accelerated the reform of service and model innovation. These measures enhanced our core competencies and greatly promoted our high-quality development.

customized services

Digital transformation goals:

platform-based services

Promotion Path

Taking investment banking and cooperation with the Henan Big Data Administration as the main focus

Progress

intelligent operations Secological corporate system

- Based on the Group's overall strategic goals for the next three years, we developed threeyear transformation plans for the IT transformation, organizational structure, requirements of employee knowledge structure, infrastructure, transformation paths, and specific implementation projects.
- · We set out to establish the Fintech Department responsible for the application of digital technology and technological innovation, greatly increased investment in fintech, and hastened to attract fintech professional personnel.
- We planned to set up a financial technology branch in the Greater Bay Area or the Yangtze River Delta to be responsible for cutting-edge fintech innovation.
- The Group sent technical personnel to work with the Big Data Research Institute of Henan Big Data Administration to develop a big data model which has begun to taken shape.
- Based on the database of the Henan Big Data Administration, we have screened 6,534 companies according to our existing development conditions of business, and 1,061 enterprises were selected according to the IPO conditions of investment banking business, which improves the efficiency of due diligence and risk warning
- We established a wealth management digital transformation working group, and formulated the Central China Securities Wealth Management Digital Transformation Plan, to formulate our wealth management digital transformation plan and path.

We improved compliance and risk control management capabilities, strengthened comprehensive competences, and promoted the digitalization of institutions, investment banking, asset management, investing, and subsidiaries, so as to achieve overall digital transformation and create a financial digital ecosystem.

Wealth management transformation

At the Party committee meeting and Party committee extended-meeting held on December 22, 2020, CSRC clearly pointed out that in 2021, the beginning of the 14th Five-Year Plan, efforts should be made to promote the construction of investment sector in the capital market, and enhance wealth management to convert household saving to investment, to help expand domestic demand.

The Group is one of the first securities firms starting the transformation from brokerage to wealth management. After completing private placement on the A-shares market, we will focus on the digital transformation, promoting the integration of digital technology into wealth management, speeding up our wealth management transformation. At the beginning of 2019, we abolished the Brokerage Transformation and Development Management Committee, and established the Wealth Management Committee, announcing the start of full transformation from brokerage to wealth management. Our goal is to create a digital customer-centric wealth management ecosystem covering global value chains, with digital asset management at the heart. We will further enhance operational capacity to ensure that effective strategies and best experience are provided by the platform to customers.

In 2020, the Group actively seized the historical opportunity to deepen reforms in the capital market. Following the development strategy of "creating a nation-wide network and focusing on Henan", we developed a three-year plan containing goals and prudent measures, to promote wealth management digital transformation.

Overall Roadmap: Path of Wealth Management Digital Transformation

Goals: Creating a basic wealth management platform; enhancing transaction service capabilities; improving institution brokerage services; providing high-speed and stable transaction services and back-office support for investors

Effects: Creating a large- and middle-office infrastructure service model to meet the needs of wealth management business in the primary stage; improving the comprehensive risk management system; providing employees with a better experience

2021

management system

2022

Effects: Improving core business systems to support wealth management in terms of asset allocation and wealth planning; providing one-stop services for institutional customers; giving full play to the leading role of investment banking; improving unified risk monitoring to facilitate decision-making and control

Goals: Continuing to optimize services to achieve comprehensive wealth management; improving corresponding systems after qualifications are acquired; developing quantitative strategy tools; optimizing or adding professional information

Effects: Creating an institutional service ecological chain; improving comprehensive service capabilities in investment banking; intensifying technical services and supports; giving full play of the value of financial and regulatory technologies



Goals: Optimizing the asset allocation and wealth planning platform; improving comprehensive service capabilities; establishing an enterprise-level customer



new registered customers for margin trading and short selling business



Optimizing customer services

We are committed to creating value for customers. According to the real needs of customers, we took specific measures to comprehensively improve service efficiency and quality. In accordance with the Securities Law of the People's Republic of China, the Measures for the Suitability Management of Securities and Futures Investors, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, and other relevant laws and regulations, 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 formulated the Regulations of Central China Securities on Customer Management by Classification and Grading (2019 Revised), Measures of Central China Securities for the Administration of Investor Suitability (2019 Revised) and other internal regulations, to unify service standards, improve customer satisfaction, and effectively protect the rights and interests of customers according to the principle of customer first. During the reporting period, there was no violation of any of the above-mentioned laws and regulations.



Improving service quality

In 2020, we revised a number of regulations such as guidelines for service standardization of branches, to define requirements on suitable investment, incorporate service standardization into employees' duty implementation evaluation and performance assessment, and enhance customer service accountability. In addition, we took a number of measures to enhance the capacity of supporting digital middle office services, and quickly identify customer service and business opportunities. Through the deployment of mobile app of service scenarios, the mobile office of service scenario can be realized, the support ability can be enhanced, and the service efficiency and scenario application can be effectively improved.

Transforming and improving customer management system

Enhancing the application of service scenarios through customer tags

Potential customer in the STAR Market
 Potential customer in the ChiNext
 Potential customer in the NEEQ

Investor suitability management and service quality have always been our priorities. The Group revised the *Regulations of Central China Securities* for the Management of Investment Advisory Service Provided by Branches, Guidelines of Central China Securities for the Management of CaifuZhongyuan Information Product Sponsors (2020 Revised), Guidelines of Central China Securities for the Management of Consulting Services, and other relevant regulations. Also, the Group created some systems such as national and regional investment advisory service systems, comprehensive investor risk resistance assessment system, and smart follow-up visiting system so that better centralized and standardized services are provided to customers. During the reporting period, we organized a total of 746,700 follow-up visits to various customers through telephone, WeChat, App, SMS, etc.

Addressing special customers' difficulties

For special customer groups, the Group improved service capacities according to their needs and customized solutions for them, helping them address difficulties faced during the financial business handling process.

) Risk warning

On July 13, 2020, we launched wealth management App Caishengbao and its PC version Caisheng Network, targeting to enable investors above 70 years old with the need to invest in the ChiNext, STAR Market, the NEEQ and the Stock Connect's Southbound trading. *The Letter of Commitment from Senior Investors* was required to be signed.

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Customer aggregation analysis · Customer group dynamic management
 Marketing management

As of the end of the reporting period, we received

22,656 feedbacks through our 95377 telephone consulting service,

and the satisfaction rate was



Percentage of customers

above 60 **11.38%**



Regular follow-up visiting

Branches were required to provide follow-up services for senior customers aged 70 and above, including updating the list of senior customers investing in the ChiNext, the NEEQ and STAR Market every week, and paying follow-up visits within one month after investors have registered online.

Double confirmation

The Group informed senior investors information included in *the Letter of Commitment from Senior Investors*, and made sure that they signed the Statement of Risk Disclosure by themselves and were willing to participate in investment. We filed follow-up visits to senior investors





The Group organized investment promotions targeting aged people in communities to inform them of financial literary and investment risk warnings

Enhancing information security management

The Group's information security system is built around the idea of "One Center and Three Basic Points", and plans to build a three-dimensional integrated information security framework centered on security principles, security group organization management, security technology protection, and security operation and maintenance as the basic point, and we followed the guidelines of "Prevention First, Security as the Purpose, Full Participation, Comprehensive Governance, and Continuous Improvement". We also established a layered organizational structure composed of the Information Security Leadership Group, Information Security Management Team, and Information Security Administrators, and created a technology-based information protection system to achieve prevention, monitoring and auditing before, during and after an information security incident. These measures further standardized information security management and improve the safety and security of network information systems.

We also took effective measures below to secure client Apps:

Security reinforcement

01

Android system: Reinforcing installation packages, and avoiding Activity hijacking and Webview remote code execution IOS system: Strictly adopting Apple's signature mechanism

^{下午3:19} 协议

高龄投资者风险承诺函 (针对年龄为70周岁以上的客户) 中原证券股份有限公司:

本人(姓名: 全身份证号: ______),由于本人年 龄为70周岁以上,特声明如下:

1、本人身体健康,具有完全民事
 行为能力以及民事责任能力并能够自行
 承担一切交易结果;

2、本人已完整阅读贵公司提供的 《证券开户协议及委托交易协议书》等 并完全理解其内容,知晓证券市场交易 和投资风险;

3、本人完全知晓本人较高的年龄 本人承诺上述内容已了解,自愿承担因开通 业务权限可能给本人造成的投资风险损失和其他后

During the reporting period, the Group improved the vulnerability scanning mechanism to increase the vulnerability repair rate, and strengthened the inspection and verification of user permissions such as VPNs and bastion hosts. The Group also verified the integration of CMDB and ITSM process platform into the operations of various departments through third-party evaluation and penetration testing. Finally, the Group upgraded the IT operation and maintenance platform, to ensure that the Information Technology Department operates based on standards, processes, delicacy management and automation technology.



Communication security

02

03

The App reliably encrypts the transmission of customer information, transaction orders and other sensitive information related to online agency transactions, and supports verification codes. The server side supports the lock of abnormal accounts. If wrong passwords are entered for a certain number of times, the account will be locked to prevent brute force attacks.

Agency system protection

Enhancing the security of the agency system: Measures were taken to prevent illegal intruders from prying into agency transaction data, from stealing DESs, from forging or modifying agency transaction data, from copying legal investors' requests, and from logging in many times in a short time to crack the user's communication password.

Customer complaint management system

We created a customer complaint management system, and continued to improve complaint management methods to effectively protect the rights and interests of investors. We also optimized the complaint handling process to improve both online and offline complaint handling efficiency, and to properly handle customer complaints, thus better handling direct complaints and those transferred from the CSRC 12386 Service Hotline.

During the reporting period, we handled 9 complaints about products and services. Through follow-up visiting, and communication via telephone, WeChat etc., we collected customer requirements, actively verify and handle complaints, and provided solutions that satisfied customers.

Case » Launching online satisfaction survey to serve customers with sincerity

The Group conducted an investor satisfaction survey covering product marketing, perception of information products, online investor education etc., and received a total of 9,069 questionnaires.

Improving investor protection

As an intermediary agency directly serving investors, the Group, in accordance with the *Opinions on Further Strengthening the Work of Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets* and other requirements, did full justice to rational investing as the "main force" and "planter" in the capital market. We regularly organized training and promotion activities, to guide and promote rational investment and continue to strengthen product risk warning and investor education, and actively protect the rights and interests of investors.

As of the end of the reporting period, we had handled



with a satisfaction rate of



Enhancing product risk warning

In 2020, the Group carried out high-risk securities trading warning in accordance with the Guidelines for the High-risk Securities Trading Warning for Corporate Clients (2019 Revised):

Automatic high-risk securities trading warning

We reminded investors the risk of stocks in the delisting period. specifically, we connected to the databases in Hong Kong and Macao, so that automated text messages are sent to investors, and the latest delisting risk reminder messages are published on the official website and App on a daily basis.

Creating the risk warning mechanism

The Group issued the Notice on Strengthening High-risk Securities Trading Warning, to specify in which circumstance should branches give high-risk securities trading warning, and standardize phrases on follow-up calls to investors holding stocks in their delisting periods, thus better guiding and warning investors.

As of the end of the reporting period, a total of 212 risk warnings had been issued, relating to the disclosure of risks arising from changes in the operating rules of new offerings such as share transfer in the STAR Market, structured funds, fund premium and bidding and CDR, and stock transactions. We timely issued:

Publicizing financial knowledge

Number of people covered by financial literacy development and investor education

248,562

Total investment in financial literacy development and investor education

RMB 1,258,900

Number of intensive financial literacy development and investor education activities

1,900

Number of promotional materials issued

149,700

· The delisting risk warnings and reminders of remaining trading days of 38 stocks

- Early redemption risk warnings of 63 bonds
- · Risk warnings 336 new stocks
- A total of 34,379 delisting risk warnings and convertible bond redemption reminders

In accordance with the Securities Law of the People's Republic of China, reform regulations on capital markets such as the NEEQ, ChiNext and STAR Market, the principle of "product-specific investor education, and suitabilitybenchmarked risk management", as well as regulatory requirements and the Group's actual context, the Group organized a range of online and offline investor education activities and created the "Yuanyuan Classroom" investor education product system based on Central China Securites'Investor Education Base, Wealth Appreciation App, and other internal and external resource platforms, so as to further expand the coverage of investor education. During the reporting period, the Group organized financial literacy development and investor education activities that covered 248,562 people, with a total investment of RMB 1,258,900.

According to regulatory requirements, our branches organized 277 online and offline financial literacy development and investor education activities themed on March 15 Financial Consumers Rights Day, Promotion of NEEQ and Securities Law of the People's Republic of China, May 15 National Investor Protection Day, Financial Literacy Promotion Month, and Prevention of Illegal Securities and Futures Activities etc., benefiting 24,900 investors.

| interior charmon, | |
|---|---|
| Wealth Appreciation mobile App WeChat Official Account of Investor Education Base | Five online Q&As, attracting 169,200 investors |
| Internal and external online live stream platforms | Three lectures attracting more than 1,000 investors |
| "Fortune Express" live stream | Attracting 50,200 investors |

Multi-channel, multiform online investor education

Central China Securities' Investor Education Base was awarded as

National Securities and Futures Investor Education Base.

Investor education animation Confucius Lecture: ChiNext Registration System Reform won

the second prize

at the SZSE ChiNext Reform Excellent Investor Education Works Selection.



Honors and awards

| | 2 Won |
|---|-------------------------------------|
| | one Excellent Organization Award |
| | and |
| | two Outstanding Organization Awards |
| 3 | at the SSE New Securities Law Q&A |
| | competition. |
| | |



"Financial Literacy Month" interaction promoted the incorporation of investor education into the national education system

In 2020, to promote the incorporation of investor education into the national education system, the Group organized the "Financial Literacy Month" Interaction at the Central China Securities' Investor Education Base which attracted 820 college students. In addition, the online "Dream Class" lecture received overwhelming response from over 1,100 high school students in impoverished areas, which was well-received and achieved good publicity effect.

the Group organized the "Financial Literacy Month" Interaction at the Central China Securities' Investor Education Base which attracted

820 college students

received overwhelming response from over

1,100 high school students in impoverished areas

initiating the online "Dream Class"

Lecture



Financial Literacy Month - Walking into Henan Finance University



Financial Quotient Education — Walking into Henan University of Economics and Law (session 2)



On June 20, 2020, one year after the launch of the STAR Market, the Group and the Central China Securities' Investor Education Base organized the "Rational Investment in STAR Market" Investor Education and Exchange targeting core clients in Zhengzhou. The event aimed at helping investors develop investment strategies and judge trends in the market based on a better understanding of the STAR Market, and develop the awareness of rational investment. Serving the real economy and protecting small and medium-sized investors are the original aspirations and missions of the Group. Investor education provides an effective way to guide investors towards rational investment, protecting their rights and interests.



Case | The Group upgraded "Yuanyuan Classroom", increasing brand influence

In 2020, the Group launched a cartoon image "Yuanyuan" for its Yuanyuan Classroom investor education brand, under which there were 44 independently developed original investor education projects in five product systems of Financial Quotient Education, Investment Education Open Classes, and Investor Education Skills (Primary, Medium and High). Over the year, the Group launched 187 original investor education projects in total, covering 343,800 investors. These products helped investors build financial literacy and increase risk awareness. It further deepened investors' understanding of the base and the brand influence of Central China Securites' Investor Education Base also expanded.

under which there were

44 independently developed original investor education projects

launched

187 original investor education projects in total



Promoting Green Finance as Part of Ecological Civilization

Sticking to the new development principles of "Innovative, Coordinated, Green, Open and Shared Development", the Group focused on green finance, green office and green purchasing, promoting the green, sustainable development of China.

Supporting green industries

Focusing on green finance, we supported industries provided in the Guiding Catalogue for the Green Industries through diverse means like stocks and bonds. In addition, in accordance with central and local policies, we enhanced supports to eco-friendly industries, and actively support industrial development. As of the end of the reporting period, the investment banking arm had recorded RMB 1 billion raised for ecological protection along the Yellow River Basin and implementation of the high-quality development strategy in 2020.

Sustainable Development Bond to professional investors for RMB

2 billion

of which RMB

billion was underwritten by the Group

The Group served as the co-lead underwriter of the IPO of Henan Lantian Gas Co., Ltd. for RMB



The Group acted as the sponsor and underwriter of the IPO of Henan Bccy Environmental Energy Co., Ltd. for RMB



The Group underwrote green bond Case to promote wind energy

CHN Longyuan Power Group is the largest wind energy provider in China. In 2020, the company publicly issued the second tranche of Green and Sustainable Development Bond to professional investors for RMB 2 billion, of which RMB 1 billion was underwritten by the Group.



The Group promoted the upgrade of the clean energy industry

The Group served as the co-lead underwriter of the IPO of Henan Lantian Gas Co., Ltd. for RMB 980 million. Lantian Gas is a comprehensive gas provider with a large gas pipeline network. The successful IPO not only enabled the company to extend its supply chain upstream to acquire more sources of gas, but also promoted the clean energy transformation of Henan Province.



The Group acted as the sponsor and underwriter of the IPO of Henan Bccy Environmental Energy Co., Ltd. for RMB 460 million. The company is one of the main third-party landfill gas treatment service providers in China.

Conducting green operations

The Group strictly abided by the Law of the People's Republic of China on Prevention and Control of Air Pollution, Law of the People's Republic of China on Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Solid Wastes Pollution to the Environment, Regulation on the Administration of the Recovery and Disposal of Waste Electrical and Electronic Products and other laws and regulations, in accordance with 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 formulated 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.

In terms of green office, the Group created an online office system to manage the purchasing of and application for office supplies, and the use of electronic seals, which greatly reduced the consumption of paper. In addition, the Group encouraged employees to adopt duplex printing, reduced subscriptions to newspapers and magazines, and promoted offerings and regulations related to investors through website and WeChat Public Account. Please refer to "Data" - "Environmental Performance" for environmental data as of the end of the reporting period.

In terms of supply chain management, the Group adhered to the principle of green purchasing. We incorporated the environmental and social risks, as well as reputation and service systems of suppliers into bidder selection. Suppliers who are listed as defaulters or parties to major tax violation cases will be refused to participate in group project procurement activities.

Encouraging Employee Development to Build **Cohesive Professional Teams**

Protecting legitimate interests and rights

The Group believe that employees are the foundation and core competency of a company. The Group strictly abided by the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, and Special Rules on the Labor Protection of Female Employees, adhered to the strategy of "employeeoriented development". The Group 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.

Compensation and benefits system

The Group strictly abided by the Social Insurance Law of the People's Republic of China and other relevant laws and regulations. During the reporting period, the Group completed the annual review of the five mandatory insurance schemes (pension fund, medical insurance, industrial injury insurance, unemployment insurance, and maternity insurance) and housing fund, and the verification of annual contribution base, and paid all premiums on time and in full. During the reporting period, no delay in the payment of statutory benefits occurred, and the labor contract signing rate was 100%. To improve employee benefits, we provided employees with an enterprise annuity scheme, and improved the compensation and benefits system. The Group created a market-oriented performance-based employee compensation structure according to the incentive principle of "Internal Fairness and External Competitiveness", and a comprehensive multi-level evaluation system centered on performance and management goals. In order to attract talent and motivate employees, we particularly awarded employees with outstanding contributions to the Group in line with the distribution principle of "Fair, Reasonable, and More Work More Pay".

Employee promotion mechanism

During the reporting period, the Group completed the position and professional title management reform which covered all arms, branches, and middle and back offices of the Head Office. This technically clarified the promotion route and increased the possibility of promotion, marking a solid step in talent development and professional team building. In addition, we explored the equity incentive plan and professional manager system, for the purpose of achieving employee-oriented development.

To further standardize the HR management and promotion mechanisms, and fully motivate managers and employees, the Group revised the Measures of Central China Securities for the Administration of Managers, Measures of Central China Securities for Recruitment, and Measures of Central China Securities for Rewarding and Punishing Employees in accordance with the Measures for the Selection and Appointment of the Party and Government Leaders, and developed corresponding recruitment and HR management mechanisms encouraging internal competitive employment and attraction of external talent.

We built professional teams through internal development and external recruiting. In line with the principles of "Integrity, Compliance, and Steady Development", we continued to promote recruitment, transition, training and motivation. During the reporting period, we attracted six external professionals to key positions, recruited 204 employees, and completed 195 transitions, building more professional teams with more reasonable structures and effectively protects the development of various businesses.

Employee development

The Group attaches great importance to the growth of its employees and has always enhanced employee training to promote employee development and team building. Specifically, the Group further improved the tiered training system, provided targeted training, increased training intensity, and prioritized the training of high caliber employees. In addition, the Group encouraged employees to build expertise, and awarded those passing the professional examinations such as CIIA and CFA, including reimbursing examination fees and providing allowances. As of the end of the reporting period, we had organized 32 employee training programs at a cost of RMB 1.01 million, covering 2,435 employees.

As of the end of the reporting period, we had organized

JL employee training programs



at a cost of RMB **1.01** million

During the reporting period, we

external professionals to

attracted

recruited

195

key positions

and completed

204 employees

transitions

Training by types of employees



Protecting employee health and safety

In accordance with the Production Safety Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China and other relevant laws and regulations, we improved the work safety and healthcare systems, and organized training programs to reduce work-related accidents. During the reporting period, no work-related deaths or injuries occurred. In addition, to provide employees with safe and affordable food, we opened employee canteen at the Head Office, enabling them to focus more on work.

Employee work-life balance

The healthy work-life balance of employees is crucial for our "employee-oriented" development. To help employees achieve work-life balance, the Group regularly organized various sports and fellowship activities such as football games.



the Group and China Merchants Bank Zhengzhou Branch jointly organized the "Joint Efforts for a Shared Dream" football game

Training hours for middle management

9,920 hours

Primary-level employee training hours





Assisting Vulnerable Groups to Create a Harmonious and Caring Society

Finance-oriented targeted poverty alleviation

2020 is a decisive year for winning the battle against poverty and building a moderately prosperous society in all respects. During the reporting period, the Group, as a member in the securities market, actively engaged in the battle against poverty according to the requirements of the CPC Central Committee, CSRC, SAC, CPC Henan Provincial Committee, and People's Government of Henan Province. Relying on financial innovation and capital markets, we promoted poverty alleviation from multiple dimensions.

Advancing poverty alleviation through financial innovation

Establishing a leading group for financial poverty alleviation Leveraging the role of capital markets and promoting financial innovation Building a poverty alleviation platform, and setting up a poverty alleviation foundation

Participating in "One Securities Firm-to-One County" and "One Securities Firmto-Many Counties" aid program to support targeted poor counties Assisting enterprises in impoverished areas in listing Helping enterprises in impoverished areas raise funds through equity financing



Creating a long-term poverty alleviation mechanism through financial innovation

Assigning managers to temporarily work at poor villages in Xinjiang Organizing capital market training Helping poor households start businesses and get rid of poverty

Launching the Dawn Program to assist needy students Providing internship opportunities to help poor students grow quickly Lifting households out of poverty by providing education



Advancing poverty alleviation through financial innovation

As a socially responsible enterprise, the Group actively participated in poverty alleviation using the power of finance. We successively signed poverty assistance agreements with four national-level impoverished counties in Henan Province: Lankao County, Gushi County, Tongbai County and Shangcai County, helping them get rid of poverty as part of our social responsibility.

To win the battle against poverty, with financial innovation as the main line, we took a range of measures relying on resources in capital markets, including setting up funds, building poverty alleviation sub-market in the New Four Board, and directly aiding targeted counties. These measures greatly promoted industry-driven poverty alleviation.

We became the first securities firm that built a non-profit poverty alleviation platform. In October 2016, to enhance social assistance which is a weak link in poverty alleviation, we set up the Henan Province Foundation for Poverty Alleviation together with Muyuan Group, Henan Agricultural Comprehensive Development Co., Ltd., Henan Chengrui Environmental Protection Co., Ltd., Yinchuan Rural Commercial Bank etc., and donated RMB 5 million to the foundation. The Group was elected as the Chairman of the foundation, becoming the first securities firm that led the establishment of a large regional poverty alleviation foundation. The Group assigned President of the Group labor union who is also a Party committee member to the foundation as Chairman, and excellent labor union member as Secretary-General. The donation from the Group will be used centrally through the Foundation's platform to better serve precise poverty alleviation.



Henan Province Foundation for Poverty Alleviation took firm footsteps in innovation-driven poverty alleviation

The AUM of Henan Province Foundation for Poverty Alleviation has increased from RMB 33 million at the very beginning to RMB 640 million. It has conducted poverty alleviation projects in the deeply impoverished Lushi County, Xin County and Minguan County in revolutionary base areas. Sui County and other impoverished counties in Henan Province, directly lifting more than 1,800 poor households out of poverty, and creating jobs for nearly 10,000 poor locals.

1

Setting up the largest poverty alleviation charitable trust in Henan Province

The charitable trust program is China's second largest poverty alleviation charitable trust set up after the Charity Law of the People's Republic of China was promulgated, and also the largest charitable trust in Henan. It is used to sponsor and reward teachers and students in primary and secondary schools, and healthcare workers in povertystricken areas. It further broadened poverty alleviation channels and promoted innovation in poverty alleviation.



To enhance social assistance which is a weak link in poverty alleviation, the Group donated RMB





2

Incorporating public welfare into banks' wealth management products

Banks introduce public donation clauses in the design of financial products. When a customer buys a specific wealth management product, he may agree to donate a certain percentage of investment income into the Henan Province Foundation for Poverty Alleviation, and the foundation will issue a donation receipt or donation certificate. In this way, we may work with banks to involve investors in poverty alleviation.

At present, China Construction Bank Henan Branch has joined the program, and the first tranche of charitable wealth management products have been sold for RMB 100 million. In the next step, the Group will invite more financial institutions to join the program.

Leveraging resources to assist industries

has underwritten corporate bonds in 2 impoverished areas for RMB

2.5 billion

in the aggregate has directly invested more than RMB

billion

helped

36 enterprises such as Wunong Hao Food Co., Ltd. list on the New Four Market

President Xi Jinping pointed out that industries play a fundamental role in poverty alleviation. To win the battle against poverty, it is necessary to promote representative local industries. Central China Securities participated in "One Securities Firm-to-One County" and "One Securities Firm-to-Many Counties" aid program. As professional intermediary, the Group diverted funds to enterprises in poor counties to promote local industry development, empowering poor areas to tap their potential for development. Given the poverty alleviation profile of Henan, the Group decided to focus our resources on needy counties in Henan. We have signed assistance agreements with four nationallevel impoverished counties and mobilized elites to participate in poverty alleviation.

After several investigations of targeted counties, Central China Securities realized that helping enterprises increase their profitability is the key to achieving industry-driven poverty alleviation, the dimension of poverty alleviation that we focused on. To support enterprises in impoverished counties, the Group used a set of tools including investing, investment banking, the New Four Board, among others, Thanks to the efforts of the investment banking team, one enterprise has submitted IPO application and completed onsite inspection before application review by the CSRC Stock Issuance Examination and Verification Committee, one enterprise's IPO application has been accepted by CSRC, and three enterprises have announced intent to work with the Group on their IPOs. The investment banking arm has also underwritten the bonds of two enterprises for RMB 2.5 billion. In addition, the Group private equity fund management subsidiary and alternative investment subsidiary have directly invested more than RMB 1 billion in enterprises in impoverished counties such as Shengyuan Petrochemical Co., Ltd. and Henan Jinfeng Poultry Equipment Co., Ltd., greatly promoting local economic development.

The Group leverages the professional advantages of the capital market to provide financing and intellectual services to small and medium-sized enterprises in poor areas through "New Four Market" in adherence to to Xi Jinping's "develop industries according to local conditions and promote farmer's income growth and prosperity". The Central China Equity Exchange controlled by the Group specially opened a poverty alleviation sub-market to help MSEs in poor areas go public, and simplified corresponding review and approval processes, as part of our efforts in industry-driven poverty alleviation. These measures enabled small and micro enterprises(MSEs) in poor areas to raise funds from the capital market, gaining the financial strength to move forward.

Thanks to concerted efforts across the Group, we have made progress in industrydriven poverty alleviation. In Lankao County, for example, the Group established the Group&Lankao Financial Poverty Alleviation Station at our Lankao Securities Branch, responsible for poverty alleviation in Lankao. The branch has reached preliminary IPO agreements with several enterprises in Lankao, and helped 36 enterprises such as Wunong Hao Food Co., Ltd. go public on the New Four Market. In addition, 22 MSEs including Aojite Biotechnology Corp., Ltd., Lankao Pangenji Food Co., Ltd., and Henan Mengli Zhangzhuang Industrial Co., Ltd. etc. became the first batch of MSEs in Lankao being listed on Central China Equity Exchange poverty alleviation sub-market. The Group bridged capital markets with village-owned enterprises in Lankao to promote their development, and the high-quality economic development of Lankao at large.

Case

The Group nurtured pilot industry-driven poverty alleviation project based on local resources.

ShengtongJuyuan New Material Co., Ltd. in Fan County, Puyang City is an investee of the Group. Lying on the north bank of the middle and lower reaches of the Yellow River in northeastern Henan Province, Fan County has a long history of more than 2,200 years. On February 26, 2020, this national-level impoverished county announced that it had removed the label of poverty.

The financing channels provided by the Group greatly promoted the poverty alleviation of Fan County. Supports mainly went to industrial enterprises, in line the strategy of "Building Fan County into an Industrial Base" proposed by the county. Since 2018, the Group has invested RMB 723 million in two tranches into ShengtongJuyuan New Material Co., Ltd., the largest investment it acquired since its establishment.

In October 2020, the company entered to massive production from the trail production stage. Its non-phosgene polycarbonate under IP protection has broken the monopoly of the technology by foreign companies, and filled the gap in new chemical materials in Henan, making the company a major driving force behind the county's high-tech development. In the next step, the Group will further support the company relying on its resources in capital markets, helping it grow into a regional magnate that greatly promotes employment growth, the rapid development of real economy, and local industry structure transformation.

The Group invested in flim An Era of Case Infinite Possibilities about poverty alleviation in Lankao

An Era of Infinite Possibilities is produced to celebrate China's success in building a moderately prosperous society in all respects in 2020. It depicts the hard work of both officials and the masses in the fight against poverty. China Movie Channel Programming Center was the executive producer, and the Group, Lankao Jiao Yulu Spirit Training Base etc. acted as co-producers. The Propaganda Department of CPC Henan Provincial Committee, and Propaganda Department of CPC Lankao County Committee were responsible for shooting.



As of December 31, 2020.

2,119 enterprises from impoverished counties in Henan had listed on the Central China Equity Exchange. Traditional Chinese instrument manufacturers in Lankao County, and fungi culture companies in Lushi County are highlights with regional characteristics. In addition.

companies had issued shares or bonds on the exchanae for over RMB

1.5 billion in the aggregate





Creating a long-term poverty alleviation mechanism through financial innovation

President Xi Jinping pointed out that confidence building and education are crucial for poverty alleviation. It is necessary to motivate and enable people to change their lives with their own efforts. Given this, we created a sustainable long-term poverty alleviation mechanism focusing on increasing people's confidence and capabilities to get rid of poverty rather than directly giving them money.

We assigned capable managers to impoverished areas to guide and work with local people in poverty alleviation, working hand in hand and shoulder to shoulder with the poor people, acting as a "guide" to get rid of poverty and get rich, and grasping local development. Over the years, we have sent several elites to Xinjiang and poor counties and villages in other regions, directly participating in local poverty alleviation.



In Xinjiang, poverty alleviation officials from the Group actively participated in the sinking community, village, ethnic solidarity, poverty alleviation at community and other work, and received commendation from higher-level units, in accordance with the central government's regional governance strategy, and the goal of achieving long-lasting social stability and peace

The general secretary stationed in Luochen Village, Guangshan County, Henan Province was from the Group. Following the strategy of eliminating poverty by promoting industries (replacing indica rice with japonica rice), agriculture (growing mugwort), consumption, public-interest projects, and education, and increasing people's confidence, the village recorded significant progress in poverty elimination. After getting rid of poverty in 2018, the village reduced its comprehensive poverty incidence to zero in 2020, laying a solid foundation for rural revitalization.

The Deputy Head of Finance of Shangcai County, who was also from the Group, developed a range of measures to increase the financial strength of enterprises, promoting industry-driven poverty alleviation. These measures include promoting the listing of enterprises, innovating the operation model of "haematopoietic" poverty alleviation, creating platform companies, providing financing channels, addressing debt risk, and organizing financial literacy training.

To help financial institutions and enterprises in targeted counties develop financial literacy and deepen the understanding of capital markets, we organized training on government investment and financing, and capital markets lectured by our financial professionals. We also customized listing-related training and professional suggestions for enterprises with the potential to go public.

In terms of village-targeted poverty alleviation, the Group directly purchased agricultural and sideline products from poor villages and looked for buyers for them, and helped some villagers start their own businesses as examples for other villagers. The Group established a sustainable poverty alleviation mechanism. For example, based on our influence, we bridged other socially responsible enterprises such as Wunong Hao Food Co., Ltd. and Runye Food Co., Ltd. with ambitious poor villagers, encouraging poor people to get rid of poverty through hard work.



Caring for the future of families, promoting education-driven poverty alleviation

We know that receiving education is an important way to block the intergenerational transmission of poverty, to empower poor people tap their own potential for a life of abundance, and to win the battle on poverty alleviation. To ensure that extremely poor high school students can receive education and eliminate poverty caused by education cost, the Group set up the Henan Province Foundation for Poverty Alleviation and was elected as Chairman.

Under the guidance of the Henan Provincial Office of Poverty Alleviation and Development and Civil Affairs Department of Henan Province, we launched the "Dawn Program" Self-Improvement Class for Extremely Poor High School Students in 2017 to address the financial problems faced by extremely poor high school students in Henan. Students were selected from across Henan Province. Under the program, they would be sponsored by enterprises like Country Garden, Zhongyuan Bank and Muyuan Group for three consecutive years from the first year to the third year of high school. In addition to providing financial support, and ensuring that poor students have access to education, we also focused on improving their mental health through theme class meetings, psychological counseling, summer camps, etc., in a bid to guide them in building good values and character



Village-stationed officials from the Group go deep into the lives of the people and actively engaged in primary-level affairs



The Group advanced the Dawn Program to assist poor students, promoting education-driven poverty alleviation and bring families out of poverty

The Dawn Program has covered

9 prefecture-level cities and

15 impoverished counties in Henan and organised

37 classes accumulatively

provided financial donated more assistance for than RMB

1,171 extremely poor high-school students in total than RMB **14** million

for three consecutive years in total Since its launch in September 2017, the Dawn Program has covered nine prefecture-level cities and 15 impoverished counties (including nine key counties in national-level contiguous destitute areas, five national-level key counties for poverty alleviation and development, and one provincial-level key county for poverty alleviation and development) in Henan Province. So far, more than RMB 14 million has been donated for three consecutive years, financial assistance was provided for 1,171 extremely poor high-school students and 37 classes were organised accumulatively. We will keep running the program to expand its coverage to the whole province.

The 334 students sponsored by the Dawn Program did very well on the 2020 National College Entrance Examination. Yuan Chong, who scored 709 as the top scorer among science students in Minquan County, was admitted to Tsinghua University. 54 students scored above 600, taking up 17.9% of the total. 304 students went to universities (88.4%), including 165 admitted to Tier 1 universities (48%). The news was reported by many media outlets like *China Youth Daily, Dahe Daily*, news.dahe.cn, China.com.cn, and Dahe App, stirring up strong reactions in society.



Public welfare

As a socially responsible enterprise, the Group actively participated in fighting against COVID-19, promoting the employment of disabled people, and assisting poor households. In 2020, the Group donated 5,548.8 thousand (including RMB 598,800 from subsidiaries) to public welfare, including COVID-19 response, poverty alleviation, village development, and assisting the disables.

In 2020, the Group donated RMB

5,548.8 thousand (including RMB 598,800 from subsidiaries)

Donations in 2020

COVID-19 prevention and control

Henan Education Development Foundation: Sponsoring needy stud

- Henan Province Foundation for Poverty Alleviation: Meeting the b in poverty, under poverty monitoring, and on the brink of poverty Province.
- Henan Province Foundation for Poverty Alleviation: Supportin program in Luoying Village, Huaibin County
- Henan Province Foundation for Poverty Alleviation: Supporting projects in Chenglao Village, Lugang Community, Shangcai County
- Shangcai County Red Cross: Sponsoring the Shangcai County Disabled People from Poor Households

Other

Total



During the COVID-19 outbreak in 2020, according to President Xi Jinping's requirements of "staying confident, coming together in solidarity, adopting a science-based approach, and taking targeted measures", Xi's spirits of "putting the health and safety of people before everything else, seriously implementing various decisions and plans, and being determined to win the battle against the epidemic by mobilizing all resources", as well as the decisions and plans of the CPC Central Committee, State Council, CSRC, CPC Henan Provincial Committee, and People's Government of Henan Province, we actively participated in the fight against the disease, out of a strong sense of social responsibility as a state-owned financial enterprise. We donated RMB 4 million to Huanggang City, Hubei and Henan Province. Internally, we took strict disease prevention and control measures to protect the physical and mental health of employees. As of the end of December 2020, no confirmed, suspected or asymptomatic infection had occurred across the Group, which indicated a complete success in the fight against COVID-19.

The Group donated RMB 4 million to Huanggang City, Hubei and Henan Province, out of a strong sense of social responsibility as a state-owned financial enterprise

The Group donated RMB

million to Huanggang City, Hubei and Henan Province

| | Amount RMB (in thousand) |
|--|-----------------------------|
| | 4,000 |
| dents | 200 |
| basic needs of households y in Susong County, Anhui | 100 |
| ng the "Beautiful Village" | 300 |
| g new collective economic y | 350 |
| Care Center for Severely | 500 |
| | 98.8 |
| | 5,548.8 |

Enhancing organizational leadership, build a firm epidemic prevention system

On January 25, 2020, after Henan launched the firstlevel responses to major public health emergencies, the Group immediately held an epidemic response meeting to convey superior spirits and instructions, established the COVID-19 Response Leading Group, and developed comprehensive measures for epidemic prevention and control.



During the COVID-19 outbreak, Jian Mingjun, Secretary of the Group CPC Committee and Chairman of the Group successively hosted five meetings on COVID-19 prevention and control at the Head Office

Taking diverse measures, cohesion of strong synergy

During the COVID-19 outbreak, the Group took strict measures for COVID-19 prevention and control, including disseminating policies, educating employees, preparing epidemic prevention supplies, disinfecting and ventilating offices and retail spaces twice a day, optimizing travel and management procedures, and strictly controlling access to offices and retail spaces.

In addition, we actively used technology, upgraded online service platforms, so that customer may access services in a more convenient and available, and contactless manner, enhance the convenience and accessibility of services.

From January 26 to May 9 in 2020:

the Group held

6 COVID-19 response meetings,

issued

28 notices on implementation of epidemic-related policies and measures,

and published

108 issues of Daily Information on COVID-19 Prevention and Control.

of Central China Securities on Operating Procedures for COVID-19 Prevention and Control. created a three-level work schedule lasting for

We revised the Regulations

15 weeks 104 days

and organized

33 inspection and supervision activities for the implementation of the COVID-19 prevention and control system.

Organize and mobilize all Party members in the Group donated RMB

140.000 to support the fight against COVID-19.

The Group scored high in the COVID-19 prevention and control assessment by the CPC Henan Provincial Committee, and were praised at the Henan COVID-19 Prevention and Control Commendation Conference hosted by the CPC Henan Provincial Committee and People's Government of Henan Province for excellent performance.

Incorporating Party building into pandemic control

In the Group, everyone plays its role on its position under the leadership of the Party. In the context of the COVID-19 outbreak, the Group incorporated Party building into pandemic control and our day-to-day operations. Soon after the COVID-19 outbreak, the Group called Party members to lead the fight on the frontline, setting examples for others, and asked primary-level Party organizations to play their organizational and political roles as "frontline fortresses", ensuring that the Party flag always erected on the frontline. Aside from directly participating in the fight, the Group also indirectly promoted disease control. During the outbreak, the Group purchased RMB 525,000 of supplies, including 74,900 masks and 5,840 bottles of 84 disinfectant, and timely distributed them across the Group. the Group also pushed more than 110 anti-epidemic articles through labor union group and WeChat Official Account, so that employees can have a better understanding of the disease, including how to protect themselves, and provide solid protection for the life safety and physical health of the general cadre of employees.



the Group Party members took the lead in fighting against COVID, active participation in the prevention and control of the COVID-19, and purchased anti-epidemic supplies to promote COVID prevention and control





includina



5,840 bottles of

84 disinfectant

The Group also pushed more than

110 anti-epidemic articles





Data

Governance Performance

| Indicator | Unit | 2020 | 2019 |
|---|------|------------|------------|
| Number of anti-money laundering training | No. | 13 | 6 |
| Number of people participating in anti-money laundering training | No. | Over 500 | Over 250 |
| Number of compliance supervisions | No. | 213 | 240 |
| Number of compliance promotion activities | No. | 168 | 143 |
| Number of employees covered by compliance education | No. | Over 2,000 | Over 2,000 |
| Number of anti-corruption training sessions | No. | 6 | 6 |
| Number of employees participating in anti-corruption training | No. | 600 | 504 |
| Number of corruption events violating law or internal regulatory requirements during the reporting period | No. | 5 | 4 |
| Number of reminders, warnings, admonishments and penalties | No. | 8 | 3 |
| Number of compliance management regulations developed and revised | No. | 18 | 17 |
| Number of internal risk management training sessions | No. | 22 | 17 |
| Number of employees participating in internal risk management training | No. | 143 | 21 |
| Hours of internal risk management training | No. | 66 | 138 |
| Number of legal training sessions | No. | 4 | 3 |
| Number of employees participating inlegal training | No. | 8,000 | 7,200 |
| Number of legal affairs training sessions | No. | 8 | 8 |
| Number of contracts reviewed | No. | 3,933 | 4,020 |
| Number of contract suits | No. | 29 | 34 |
| Number of information technology training sessions | No. | 6 | 6 |
| Number of drills on information systems, networks and infrastructure | No. | 3 | 4 |

Business Performance

| Indicator | Unit | 2020 | 2019 |
|--|-----------------|-----------|-------|
| Aggregate Financing for clients | RMB 100 million | 202.5 | 133.7 |
| Funds raised for inclusive finance | RMB 100 million | 7.4 | 4.9 |
| Number of complaints received during the reporting period | No. | 42 | / |
| Complaint handling satisfaction rate | % | 78.57 | / |
| The number of individual clients | No. | 1,793,034 | / |
| Number of attendees covered by financial literacy development and investor education | No. | 248,562 | / |
| Total investment in financial literacy development and investor education | RMB 10,000 | 125.9 | 113.9 |

Environmental Performance

| Indicator | Unit | 2020 | 2019 | | | |
|---|---------------------------------------|-----------|-------------|--|--|--|
| Emission of atmospheric pollutants | | | | | | |
| NOx | Kg | 95.5 | 74.8 | | | |
| SOx | Kg | 2.4 | 2.3 | | | |
| PM | Kg | 9.2 | 12.1 | | | |
| Consu | mption of Energy and Resources | 3 | | | | |
| Electricity | kWh | 506,650.0 | 5,721,411.3 | | | |
| Electricity consumption per person | kWh/person | 206.5 | 2,018.1 | | | |
| Gasoline | L | 16,187.0 | 144,836.1 | | | |
| Gasoline consumption per person | L/person | 6.6 | 51.1 | | | |
| Water consumption | Ton | 3,958.8 | 35,630.7 | | | |
| Water consumption per person | Tons/person | 1.6 | 12.6 | | | |
| GHG e | missions (Scope 1 and Scope 2 |) | | | | |
| Vehicle emissions (Scope 1) | CO₂ equivalent (t) | 43.8 | 300.7 | | | |
| Electricity consumption emissions (Scope 2) | CO₂ equivalent (t) | 456.7 | 3,156.8 | | | |
| Total GHG emissions | CO₂ equivalent (t) | 500.5 | 3,457.5 | | | |
| Total GHG emissions intensity | CO ₂ equivalent (t)/person | 0.2 | 1.2 | | | |
| Am | ount of non-hazardous waste | | | | | |
| Office and household waste | Kg | 23,120.3 | 22,181.4 | | | |
| Office waste recycled | Kg | 3,174.5 | 3,626.9 | | | |
| Office and household waste intensity | Kg/person | 9.6 | 7.8 | | | |
| Amount of hazardous waste | | | | | | |
| Toner and ink cartridge | No. | 124 | 647 | | | |
| Toner and ink cartridge intensity | Number/person | 0.05 | 0.23 | | | |
| Amount of toner | No. | 255 | / | | | |
| Toner density | Number/person | 0.10 | / | | | |

Notes:

1. In 2020, due to the impact of the epidemic COVID-19 and the following adoption of a flexible work schedule, energy and resources consumption have been significantly reduced and diesel, gas and LPG were not used.

2. Due to the nature of the Company's business, the Company's emissions are mainly generated from exhaust from buses, which mainly include sulfur dioxide and nitrogen oxides. The emissions of sulfur dioxide and nitrogen oxides were accounted for in accordance with the "*Technical Guidelines for the Preparation of Road Motor Vehicle Emission Inventory (Trial)*" issued by the former Ministry of Environmental Protection of the PRC.

3. The greenhouse gas inventory includes carbon dioxide, methane and nitrous oxide. Due to the nature of the Company's business, greenhouse gas emissions are mainly from purchased electricity and fossil fuel combustion. The GHG emission information is presented in terms of carbon dioxide equivalent and is accounted for in accordance with the "2015 China Regional Grid Baseline Emission Factors" published by the National Development and Reform Commission of the PRC and the "2006 IPCC Guidelines for National Greenhouse Gas Inventories" published by the Intergovernmental Panel on Climate Change (IPCC).

Social Performance

| Indicator | Unit | 2020 | 2019 | 2018 |
|--|------------|-------|-------|-------|
| Total number of employees | No. | 2,427 | 2,478 | 2,475 |
| Number of new employees | No. | 215 | 223 | 383 |
| Total number of employees of the headquarters | No. | 881 | 880 | 845 |
| Total number of employees of the headquarters (percentage) | % | 36.3 | 35.5 | 34.1 |
| Number of employees at branches in Zhengzhou | No. | 229 | 232 | 237 |
| Number of employees at branches outside Zhengzhou | No. | 1,317 | 1,366 | 1,393 |
| Ratio of female employees | % | 44.2 | 43.6 | 43.6 |
| Number of female employees | No. | 1,073 | 1,081 | 1,080 |
| Ratio of male employees | % | 55.8 | 56.4 | 56.4 |
| Number of male employees | No. | 1,354 | 1,397 | 1,395 |
| Number of employees from ethnic groups | No. | 79 | 81 | 84 |
| Total number of foreign employees | No. | 1 | 1 | 1 |
| Labor contract signing rate | % | 100 | 100 | 100 |
| Employees by education | n level | | I | |
| Number of employees with a master's degree or higher | No. | 555 | 577 | 553 |
| Proportion of employees with a master's degree or higher | % | 22.9 | 23.2 | 22.3 |
| Number of employees with a bachelor's degree | No. | 1,712 | 1,721 | 1,697 |
| Proportion of employees with a bachelor's degree | % | 70.5 | 69.5 | 68.6 |
| Number of employees with other academic qualifications | No. | 160 | 180 | 225 |
| Proportion of employees with other academic qualifications | % | 6.5 | 7.3 | 9.1 |
| Employees by age group | | | | |
| Number of employees aged 50 and above | No. | 139 | 115 | 106 |
| Number of employees aged between 40 and 50 | No. | 575 | 579 | 566 |
| Number of employees aged between 30 and 40 | No. | 1,244 | 1,231 | 1,111 |
| Number of employees aged between 20 and 30 | No. | 469 | 553 | 692 |
| Employee turnover rate by | region: | | | |
| Turnover rate of the Head Office | % | 4.5 | 4.0 | 5.5 |
| Employee turnover rate of branches in Zhengzhou | % | 0.5 | 0.8 | 0.7 |
| Employee turnover rate of branches outside Zhengzhou | % | 5.3 | 4.1 | 5.7 |
| Employee care | | | | |
| Healthcare benefit allowance cap | RMB 10,000 | 13.8 | / | / |
| Number of pregnant and breast-feeding female employees being visited | No. | 20 | 16 | 19 |
| Number of retired employees being visited | No. | 5 | 4 | 7 |
| Organizing security training sessions | No. | 6 | 12 | 11 |
| Work-related deaths | No. | 0 | 0 | 0 |
| Lost days due to work injury | Day | 0 | 0 | 553 |
| Community service | | | | |
| Value of products purchased from poor areas | RMB 10,000 | 75.6 | 35.0 | 21.0 |
| Poverty alleviation team building | No. | 13 | 13 | 13 |

| Organizing or participating in environmental protection activities |
|---|
| Number of employees participating in environmental protection activ |
| Environmental protection input |

Annexes

HKEX ESG Indicators

| Aspect, General Disclosure and KPl | Main Performance Indicator | Section |
|--|---|---|
| | A.Environmental | |
| | 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. | Conducting green operations |
| KPI A1.1 | The types of emissions and respective emissions data. | Environmental performance |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Environmental performance |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Environmental performance |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Environmental performance |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | Conducting green operations |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Conducting green operations |
| | A2: Use of Resources | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials | Conducting green operations |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility). | Environmental performance |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Environmental performance |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Conducting green operations |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | The company is a financial service provider and the indicator is thus not applicable. |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | The company is a financial service provider and the indicator is thus not applicable. |

| s | / | 1 | 1 | 1 |
|---------|------------|-------|-------|-------|
| ivities | No. | 1,750 | 1,600 | 1,556 |
| | RMB 10,000 | 12.8 | 7.0 | 4.6 |

| | A3: The Environment and Natural Resources | | | |
|-----------------------|---|--|--|--|
| General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources. | Supporting green industries | | |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Supporting green industries | | |
| | A4: Climate Change | | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Supporting green industries | | |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Supporting green industries | | |
| | B.Social | | | |
| | Employment and Labour Practices | | | |
| | 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, anti-discrimination, and other benefits and welfare. | Protecting legitimate interests and rights | | |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region. | Social performanc | | |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Social performanc | | |
| | B2: Health and Safety | 1 | | |
| 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. | Protecting employee health and safety | | |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Social performanc | | |
| KPI B2.2 | Lost days due to work injury. | Social performance | | |
| KPI B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | Protecting employee health and safety | | |
| | B3: Development and Training | | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Employee development | | |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Social performanc | | |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | Employee development | | |
| 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. | Protecting legitimate interests and rights | | |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labor. | Protecting legitimate interest and rights | | |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Protecting legitimate interest and rights | | |

| | Operating Practices | | | |
|--------------------------|---|--|--|--|
| | B5: Supply Chain Management | | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Conducting green operations | | |
| KPI B5.1 | Number of suppliers by geographical region. | Conducting green operations | | |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Conducting green operations | | |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | The company is a financial service provider and the indicator is thus not applicable | | |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | The company is a financial service provider and the indicator is thus not applicable | | |
| | 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, labelling and privacy matters relating to products and services provided and methods of redress. | Optimizing customer services | | |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | The company is a financial service provider and the indicator is thus not applicable | | |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Customer complaint management system | | |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Prudent and compliant operations | | |
| KPI B6.4 | Description of quality assurance process and recall procedures. | The company is a financial service provider and the indicator is thus not applicable | | |
| KPI B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Enhancing information security management | | |
| | 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 | | |
| KPI 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. | Anti-corruption | | |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Anti-corruption | | |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Anti-corruption | | |
| | Community | | | |
| 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. | Assisting vulnerable groups to create a harmonious and caring society | | |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport). | Assisting vulnerable groups to create a harmonious and caring society | | |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Assisting vulnerable groups to create a harmonious and caring society | | |

GRI Standards Index

| GRI Indicators | Description | Section |
|----------------|---|-------------------------------------|
| | General Disclosures | |
| | Organisation Profile | |
| G102-1 | Name of the organization | About us |
| G102-2 | Activities, brands, products, and services | About us |
| G102-3 | Location of headquarters | About the Report |
| G102-4 | Location of operations | Refer to the annual report |
| G102-5 | Ownership and legal form | Refer to the annual report |
| G102-6 | Markets served | About us |
| G102-7 | Scale of the organization | Refer to the annual report |
| G102-8 | Information on employees and other workers | Social performance |
| G102-9 | Supply chain | Refer to the annual report |
| G102-10 | Significant changes to the organization and its supply chain | Refer to the annual report |
| G102-11 | Precautionary principle or approach | Comprehensive risk management |
| G102-12 | External initiatives | Not Applicable |
| G102-13 | Membership of associations | Not Applicable |
| | Strategy | |
| G102-14 | Statement from senior decision-maker | Not Applicable |
| G102-15 | Key impacts, risks, and opportunities | Not Applicable |
| | Ethics and Integrity | |
| G102-16 | Values, principles, standards, and norms of behavior | ESG concepts and goals |
| G102-17 | Mechanisms for advice and concerns about ethics | Not Applicable |
| | Governance | |
| G102-18 | Governance structure | Refer to the annual report |
| G102-19 | Delegating authority | Not Applicable |
| G102-20 | Executive-level responsibility for economic, environmental, and social topics | ESG concepts and goals |
| G102-21 | Consulting stakeholders on economic, environmental, and social topics | Communication with the stakeholders |
| G102-22 | Composition of the highest governance committees body and its governance committees | Refer to the annual report |
| G102-23 | Chair of the highest governance body | Not Applicable |
| G102-24 | Nominating and selecting the highest governance body | Not Applicable |
| G102-25 | Conflicts of interest | Not Applicable |

| G102-26 | Role of highest governance body in setting purpose, values, and strategy | Not Applicable |
|---------|--|-------------------------------------|
| G102-27 | Collective knowledge of highest governance body | Not Applicable |
| G102-28 | Evaluating the highest governance body's performance | Not Applicable |
| G102-29 | Identifying and managing economic, environmental, and social impacts | ESG concepts and goals |
| G102-30 | Effectiveness of risk management processes | Not Applicable |
| G102-31 | Review of economic, environmental, and social topics | Materiality analysis |
| G102-32 | Highest governance body's role in sustainability reporting | Not Applicable |
| G102-33 | Communicating critical concerns | Materiality analysis |
| G102-34 | Nature and total number of critical concerns | Not Applicable |
| G102-35 | Remuneration policies | Not Applicable |
| G102-36 | Process for determining remuneration | Not Applicable |
| G102-37 | Stakeholders' involvement in remuneration | Not Applicable |
| G102-38 | Annual total compensation ratio | Not Applicable |
| G102-39 | Percentage increase in annual total compensation ratio | Not Applicable |
| | Stakeholder Engagement | |
| G102-40 | List of stakeholder groups | Communication with the stakeholders |
| G102-41 | Collective bargaining agreements | Not Applicable |
| G102-42 | Identifying and selecting stakeholders | Communication with the stakeholders |
| G102-43 | Approach to stakeholder engagement | Communication with the stakeholders |
| G102-44 | Key topics and concerns raised | Communication with the stakeholders |
| | Reporting Practice | |
| G102-45 | Entities included in the consolidated financial statements | About the Report |
| G102-46 | Defining report content and topic boundaries | Not Applicable |
| G102-47 | List of material topics | Materiality analysis |
| G102-48 | Restatements of information | Not Applicable |
| G102-49 | Changes in reporting | Not Applicable |
| G102-50 | Reporting period | About the report |
| G102-51 | Date of most recent report | Not Applicable |
| G102-52 | Reporting cycle | About the report |
| G102-53 | Contact point for questions regarding the report | About the report |
| G102-54 | Claims of reporting in accordance with the GRI Standards | Not Applicable |
| | 1 | |

| External assurance | Not Applicable | | | |
|---|---|--|--|--|
| | | | | |
| Economic Performance | | | | |
| Direct economic value generated and distributed | Refer to the annual report | | | |
| Financial implications and other risks and opportunities due to climate change | Not Applicable | | | |
| Defined benefit plan obligations and other retirement plans | Not Applicable | | | |
| Financial assistance received from government | Not Applicable | | | |
| Market Presence | | | | |
| Ratios of standard entry level wage by gender compared to local minimum wage | Not Applicable | | | |
| Proportion of senior management hired from the local community | Not Applicable | | | |
| Indirect Economic Impacts | | | | |
| Infrastructure investments and services supported | Focusing on Henan to promote high-quality local economic development | | | |
| Significant indirect economic impacts | Not Applicable | | | |
| Procurement Practices | | | | |
| The proportion of spending on local suppliers | Not Applicable | | | |
| Anti-corruption | | | | |
| Operations assessed for risks related to corruption | Not Applicable | | | |
| Communication and training about anti-corruption policies and procedures | Anti-corruption | | | |
| Confirmed incidents of corruption and actions taken | Anti-corruption | | | |
| Anti-competitive Behavior | | | | |
| Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Not Applicable | | | |
| Materials | | | | |
| Materials used by weight or volume | Not Applicable | | | |
| Recycled input materials used | Not Applicable | | | |
| Reclaimed products and their packaging materials | Not Applicable | | | |
| Energy | | | | |
| Energy consumption within the organization | Environmental performance | | | |
| Energy consumption outside of the organization | Not Applicable | | | |
| Energy intensity | Environmental performance | | | |
| Reduction of energy consumption | Not Applicable | | | |
| Reductions in energy requirements of products and services | Not Applicable | | | |
| | Financial implications and other risks and opportunities due to climate change Defined benefit plan obligations and other retirement plans Financial assistance received from government Market Presence Ratios of standard entry level wage by gender compared to local minimum wage Proportion of senior management hired from the local community Infrastructure investments and services supported Significant indirect economic impacts Proportion of spending on local suppliers Operations assessed for risks related to corruption Communication and training about anti-corruption policies and procedures Confirmed incidents of corruption and actions taken Materials Materials Recycled input materials used Recycled input materials used Recycled input materials used Energy Energy consumption within the organization Energy consumption within the organization Energy intensity | | | |

| G303-1 | Interactions with water as a shared resource | Not Applicable | | |
|---------------------|--|---------------------------------------|--|--|
| G303-2 | Management of water discharge-related impacts | Not Applicable | | |
| G303-3 | Water withdrawal | Environmental performance | | |
| | Emissions | | | |
| G305-1 | Direct (Scope 1) GHG emissions | Environmental performance | | |
| G305-2 | Energy indirect (Scope 2) GHG emissions | Environmental performance | | |
| G305-3 | Other indirect (Category 3) greenhouse gas emissions | Not Applicable | | |
| G305-4 | GHG emissions intensity | Environmental performance | | |
| G305-5 | Reduction of GHG emissions | Not Applicable | | |
| G305-6 | Emissions of ozone-depleting substances (ODS) | Not Applicable | | |
| G305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | Environmental performance | | |
| Effluents and Waste | | | | |
| G306-1 | Water discharge by quality and destination | Not Applicable | | |
| G306-2 | Waste by type and disposal method | Environmental performance | | |
| G306-3 | Significant spills | Not Applicable | | |
| G306-4 | Transport of hazardous waste | Not Applicable | | |
| G306-5 | Water bodies affected by water discharges and/or runoff | Not Applicable | | |
| | Environmental Compliance | | | |
| G307-1 | Non-compliance with environmental laws and regulations | Not Applicable | | |
| | Supplier Environmental Assessment | , | | |
| G308-1 | New suppliers that were screened using criteria | Conducting green operations | | |
| G308-2 | Negative environmental impacts in the supply chain and actions taken | Conducting green operations | | |
| | Employment | | | |
| G401-1 | New employee hires and employee turnover | Social performance | | |
| G401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Compensation and benefits system | | |
| G401-3 | Parental leave | Compensation and benefits system | | |
| | Labor/Management Relations | | | |
| G402-1 | Minimum notice periods regarding operational changes | Not Applicable | | |
| | Occupational Health and Safety | | | |
| G403-1 | Occupational health and safety management system | Not Applicable | | |
| G403-2 | Hazard identification, risk assessment, and incident investigation | Protecting employee health and safety | | |
| G403-3 | Occupational health services | Not Applicable | | |

| G403-4 | Worker participation, consultation, and communication on occupational health and safety | Protecting employee health and safety |
|--------|--|--|
| | Training and Education | |
| G404-1 | Average hours of training per year per employee | Employee development |
| G404-2 | Programs for upgrading employee skills and transition assistance programs | Not Applicable |
| G404-3 | Percentage of employees receiving regular performance and career development reviews | Not Applicable |
| | Diversity and Equal Opportunity | |
| G405-1 | Diversity of governance bodies and employees | Protecting legitimate interests and rights |
| G405-2 | Ratio of basic salary and remuneration of women to men | Not Applicable |
| | Non-discrimination | ' |
| G406-1 | Incidents of discrimination and corrective actions taken | Not Applicable |
| | Freedom of Association and Collective Bargaining | |
| G407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Not Applicable |
| | Child Labor | |
| G408-1 | Operations and suppliers at significant risk for incidents of child labor | Protecting legitimate interests and rights |
| | Forced or Compulsory Labor | |
| G409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | Protecting legitimate interests and rights |
| | Security Practices | |
| G410-1 | Security personnel trained in human rights policies or procedures | Not Applicable |
| | Rights of Indigenous Peoples | 1 |
| G411-1 | Incidents of violations involving rights of indigenous peoples | Not Applicable |
| | Human Rights Assessment | 1 |
| G412-1 | Operations that have been subject to human rights reviews or impact assessments | Not Applicable |
| G412-2 | Employee training on human rights policies or procedures | Not Applicable |
| G412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights | Not Applicable |
| | Local Communities | |
| G413-1 | Operations with local community engagement, impact assessments, and development programs | Not Applicable |
| G413-2 | Operations with significant actual and potential negative impacts on local communities | Not Applicable |
| | Supplier Social Assessment | |
| G414-1 | New suppliers that were screened using social criteria | Conducting green operations |
| | Negative social impacts in the supply chain and actions taken | Conducting green operations |

| Public Policy | | | | |
|----------------------------|---|----------------|--|--|
| G415-1 | Political contributions | Not Applicable | | |
| Customer Health and Safety | | | | |
| G416-1 | Assessment of the health and safety impacts of product and service categories | Not Applicable | | |
| G416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Not Applicable | | |
| Marketing and Labeling | | | | |
| G417-1 | Requirements for product and service information and labeling | Not Applicable | | |
| G417-2 | Incidents of non-compliance concerning product and service information and labeling | Not Applicable | | |
| G417-3 | Incidents of non-compliance concerning marketing communications | Not Applicable | | |
| Customer Privacy | | | | |
| G418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Not Applicable | | |
| Socioeconomic Compliance | | | | |
| G419-1 | Non-compliance with laws and regulations in the social and economic area | Not Applicable | | |

Reader Feedback

Dear Readers,

Thank you for reading the *Central China Securities Environmental,Social and Governance Report 2020*. To better improve our ESG performance and ability to fulfill social responsibilities at the same time, we look forward to receiving your valuable feedback about our report through the following ways:

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1. What do you think of the quality of this report?

□Excellent □Good □Fair

2. What do you think of Central China Securities' performance in supporting the development of the real economy?

□Excellent □Good □Fair

3. What do you think of Central China Securities' performance in green development and green operations?

□Excellent □Good □Fair

4. What do you think of Central China Securities' performance in supporting the employee development?

□Excellent □Good □Fair

5. What do you think of Central China Securities' performance in improving corporate governance?

□Excellent □Good □Fair

6. Do you have any comments or suggestions on *the Central China Securities Environmental*, Social and Governance *Report 2020*?

Thank you for your support.

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